

RAHWAY SCHOOL DISTRICT

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Rahway, New Jersey

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

of the

Rahway School District

Rahway, New Jersey

For The Fiscal Year Ended June 30, 2015

Prepared by

Business Office

**RAHWAY SCHOOL DISTRICT
TABLE OF CONTENTS**

	<u>Page</u>
INTRODUCTORY SECTION	
Letter of Transmittal	i
Organizational Chart	ii
Roster of Officials	iii
FINANCIAL SECTION	
Independent Auditor's Report	1-3
REQUIRED SUPPLEMENTARY INFORMATION – PART I	
Management's Discussion and Analysis	4-13
Basic Financial Statements	
A. District-Wide Financial Statements	
A-1 Statement of Net Position	14
A-2 Statement of Activities	15
B. Fund Financial Statements	
<i>Governmental Funds</i>	
B-1 Balance Sheet	16
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	17
B-3 Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances with the District-Wide Statements	18
<i>Proprietary Funds</i>	
B-4 Statement of Net Position	19
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Position	20
B-6 Statement of Cash Flows	21
<i>Fiduciary Funds</i>	
B-7 Statement of Fiduciary Net Position	22
B-8 Statement of Changes in Fiduciary Net Position	23
Notes to the Financial Statements	24-58
REQUIRED SUPPLEMENTARY INFORMATION – PART II	
C. Budgetary Comparison Schedules	
C-1 Budgetary Comparison Schedule - General Fund	59-67
C-2 Budgetary Comparison Schedule – Special Revenue Fund	68
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION – PART II	
C-3 Budgetary Comparison Schedule – Required Supplementary Information	69

**RAHWAY SCHOOL DISTRICT
TABLE OF CONTENTS**

Page

REQUIRED SUPPLEMENTARY INFORMATION - PART III

L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)

L-1	Required Supplementary Information – Schedule of the District’s Proportionate Share of the Net Pension Liability – Public Employees Retirement System	70
L-2	Required Supplementary Information – Schedule of District Contributions – Public Employees Retirement System	71
L-3	Required Supplementary Information – Schedule of the District’s Proportionate Share of the Net Pension Liability – Teachers Pension and Annuity Fund	72
	Notes to Required Supplementary Information	73

OTHER SUPPLEMENTARY INFORMATION

D. School Level Schedules – Not Applicable

E. Special Revenue Fund

E-1	Combining Schedule of Revenues and Expenditures - Special Revenue Fund – Budgetary Basis	74-75
E-2	Statement of Preschool Education Aid Expenditures – Budgetary Basis	76

F. Capital Projects Fund

F-1	Summary Schedule of Project Expenditures	77
F-2	Summary Schedule of Revenues, Expenditures and Changes in Fund Balance	78
F-2a –	F-2j Schedule of Project Revenues, Expenditures, Project Balance and Project Status	79-88

G. Proprietary Funds

Enterprise Fund

G-1	Combining Statement of Net Position – Not Applicable	89
G-2	Combining Statements of Revenues, Expenses and Changes in Fund Net Position – Not Applicable	89
G-3	Combining Statements of Cash Flows – Not Applicable	89

H. Fiduciary Funds

H-1	Combining Statement of Agency Assets and Liabilities	90
H-2	Statement of Changes in Fiduciary Net Position – Not Applicable	91
H-3	Student Activity Agency Fund Schedule of Receipts and Disbursements	92
H-4	Payroll Agency Fund Schedule of Receipts and Disbursements	93

I. Long-Term Debt

I-1	Schedule of Payable Bonds	94
I-2	Schedule of Obligations Under Lease Purchase Agreements	95
I-2a	Schedule of Obligations Under Capital Leases	96
I-3	Debt Service Fund Budgetary Comparison Schedule	97

**RAHWAY SCHOOL DISTRICT
TABLE OF CONTENTS**

Page

J. STATISTICAL SECTION (Unaudited)

J-1	Net Position by Component	98
J-2	Changes in Net Position	99-100
J-3	Fund Balances – Governmental Funds	101
J-4	Changes in Fund Balances - Governmental Funds	102
J-5	General Fund Other Local Revenue by Source	103
J-6	Assessed Value and Actual Value of Taxable Property	104
J-7	Property Tax Rates	105
J-8	Principal Property Taxpayers	106
J-9	Property Tax Levies and Collections	107
J-10	Ratios of Outstanding Debt by Type	108
J-11	Ratios of Net General Bonded Debt Outstanding	109
J-12	Computation of Direct and Overlapping Debt	110
J-13	Legal Debt Margin Information	111
J-14	Demographic and Economic Statistics	112
J-15	Principal Employers	113
J-16	Full-Time Equivalent District Employees by Function/Program	114
J-17	Operating Statistics	115
J-18	School Building Information	116
J-19	Schedule of Required Maintenance for School Facilities	117
J-20	Schedule of Insurance	118

K. SINGLE AUDIT SECTION

K-1	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	119-120
K-2	Report on Compliance for each Major Federal and State program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by U.S. OMB Circular A-133 and Schedule of Expenditures of State Financial Assistance as Required by New Jersey OMB Circular 15-08 – Independent Auditor’s Report	121-123
K-3	Schedule of Expenditures of Federal Awards	124
K-4	Schedule of Expenditures of State Financial Assistance	125-126
K-5	Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	127-128
K-6	Schedule of Findings and Questioned Costs	129-133
K-7	Summary Schedule of Prior Audit Findings	134

Albert Di Giorgio
Business Administrator/Board Secretary
(732) 396-1010
Fax (732) 827-0517
adigiorgio@rahway.net

December 16, 2015

Honorable President and
Members of the Board of Education
City of Rahway Public Schools
County of Union, New Jersey

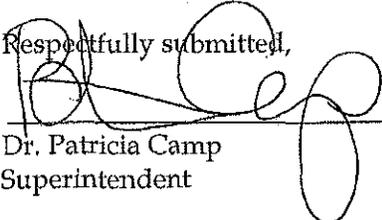
Dear Board Members:

The comprehensive annual financial report of the Rahway School District ("District") for the fiscal year ended June 30, 2015 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Rahway Board of Education (Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operation of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical, and single audit. The introductory section includes this transmittal letter, the District's organizational chart, a roster of principal officials, and a list of consultants and advisors. The financial section includes the district wide and fund financial statements and schedules, as well as the auditor's report and the Management's Discussion and Analysis. The statistical section includes selected financial statements and schedules as well as information generally presented on a multiyear basis.

The District is required to undergo an annual single audit in conformity with the provision of the Single Audit Act of 1984, the U.S. Office of Management and Budget ("OMB") and Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, and the State Treasury OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid Payments. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations, and findings and recommendations, are included in the single audit section of this report.

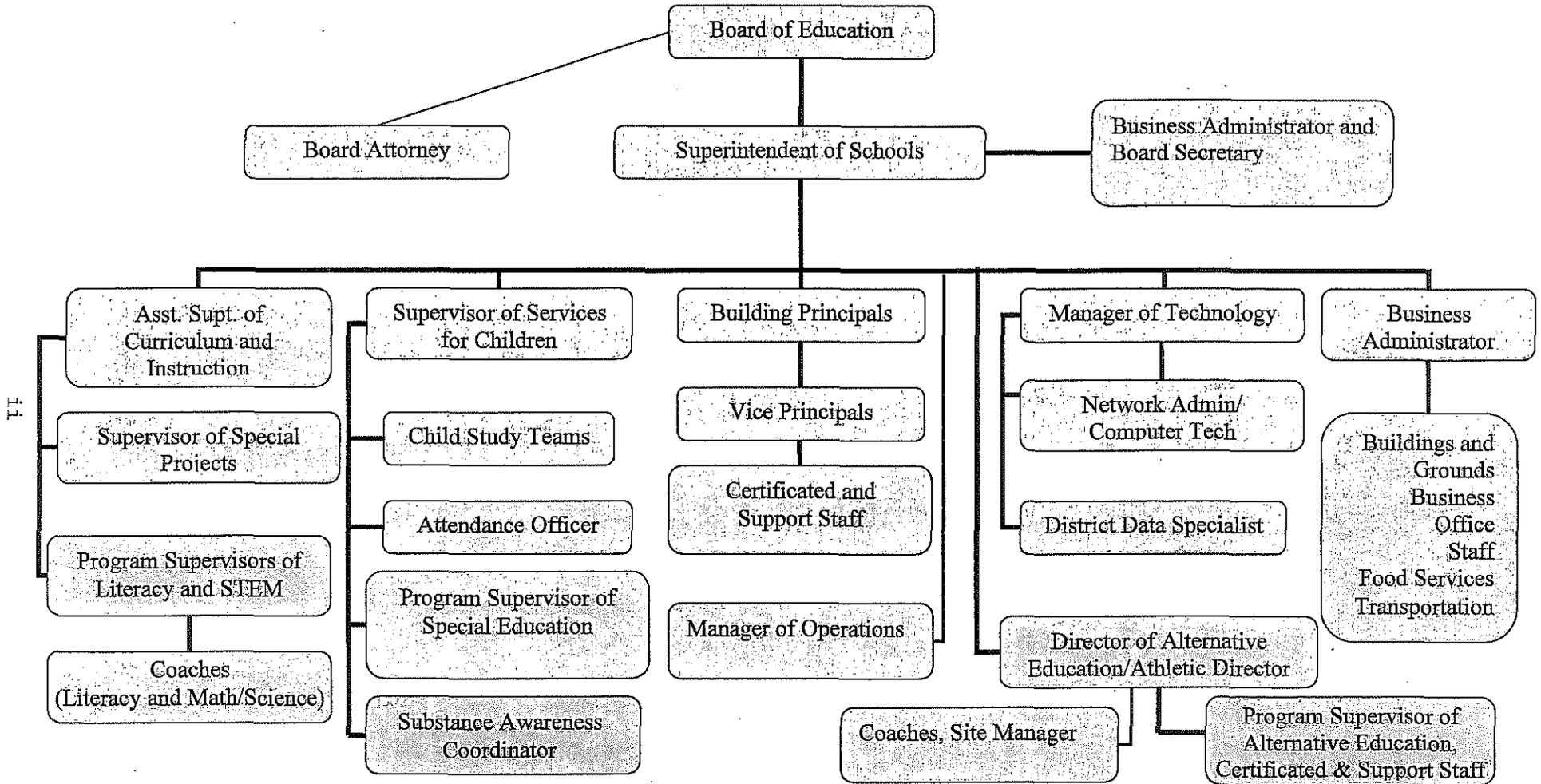
Respectfully submitted,


Dr. Patricia Camp
Superintendent


Albert Di Giorgio
Business Administrator

RAHWAY PUBLIC SCHOOLS
ORGANIZATIONAL CHART

File Code: 2120



Adopted: August 31, 2010
Revised: September 17, 2013

**RAHWAY BOARD OF EDUCATION
RAHWAY, NEW JERSEY 07065**

ROSTER OF OFFICIALS

JUNE 30, 2015

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Peter Kowal, President	2018
Lori Kennedy, Vice President	2018
Richard J. Trocciola	2016
Timothy Dunn	2016
Deborah Bridges	2017
Ronald Dolce	2018
Carlos Garay	2017
Ray Lopez	2017
Edward Quinn	2016

Other Officials

Christine Salcito, Interim Superintendent of Schools

Albert DiGiorgio, Business Administrator/Board Secretary

Mark A. Tabakin, Board Attorney (General Counsel)

Matthew J. Giacobbe, Attorney (Labor Relations/Personnel)

FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA

DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
MARK SACO, CPA
SHERYL M. NICOLosi, CPA
KATHLEEN WANG, CPA
ROBERT AMPONSAH, CPA

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees
Rahway School District
Rahway, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Rahway School District as of and for the fiscal year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Rahway School District as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Adoption of New Accounting Pronouncement

As discussed in Note 1 to the financial statements, in the fiscal year ended June 30, 2015, the Rahway School District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

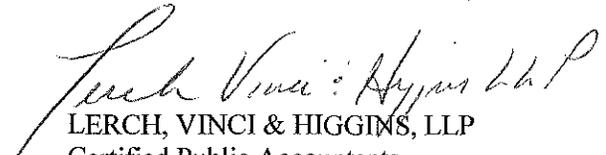
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Rahway School District's basic financial statements. The introductory section, combining fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards as required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Rahway School District.

The combining fund financial statements, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements, schedules of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated December 16, 2015 on our consideration of the Rahway School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Rahway School District's internal control over financial reporting and compliance.


LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Public School Accountants


Dieter P. Lerch
Public School Accountant
PSA Number CS000756

Fair Lawn, New Jersey
December 16, 2015

REQUIRED SUPPLEMENTARY INFORMATION – PART I

MANAGEMENT'S DISCUSSION AND ANALYSIS

**RAHWAY SCHOOL DISTRICT
RAHWAY, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

The Management's Discussion and Analysis of the Rahway School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance. Certain comparative information between the current year (2014-2015) and the prior year (2013-2014) is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for 2015 are as follows

- In total, net position increased \$1,853,400. Net Position of Governmental Activities increased \$1,834,750, which represents a 12% increase from the prior year. This increase is primarily due to an increase in the investment in capital assets resulting from capital projects as part of the 2009 referendum. Net Position of the Business-Type activity, which represents the food service program, increased \$18,650 or 4% from the prior year.
- General Revenues accounted for \$59,632,434 or 73% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$21,692,936 or 27% of total revenues of \$81,325,370.
- The School District had \$77,647,955 in expenses for governmental activities: only \$19,850,271 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$59,632,434 were adequate to provide for these programs.

Using the Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Rahway School District as a financial whole, or as an entire reporting entity.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The District considers all of its governmental funds and its sole enterprise fund to be major funds. For the Rahway School District, the General Fund is the most significant fund.

**RAHWAY SCHOOL DISTRICT
RAHWAY, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this report contains the large number of funds used by the School District to provide programs and activities, the view of the School district as a whole looks at all financial transactions-and ask the question, "How did we do financially during fiscal year 2015?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting system used by most private sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash was received or paid.

These two statements report the School District's net position and changes in such position. This change in net position is important because it tells the reader that, for the school district as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial and some not. Non-financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth and limits on reserves, facility condition, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the School District is divided into two distinct kinds of activities:

- **Governmental Activities-** All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation, and extracurricular activities.
- **Business-Type Activities -** This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service enterprise fund is reported as a business-type activity.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the School District's funds. The School District uses many funds to account for a multitude of financial transactions. The School District's governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund, and Debt Service Fund. Each of these funds is more fully described in the Notes to the Financial Statements.

Governmental Funds

Most of the School District's activities are reported in governmental funds, which focus on how monies flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs. The relationship, or differences, between governmental activities reported in the statement of net position and the statement of activities and the governmental funds is reconciled in the financial statements.

**RAHWAY SCHOOL DISTRICT
RAHWAY, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Enterprise Fund

The enterprise fund uses the same basis of accounting as business-type activities; therefore, these statements are essentially the same.

The School District as a Whole

The Statement of Net Position provides the perspective of the District as a whole. The table below provides a summary of the District's net position as of June 30, 2015 and 2014. The table on the following page provides an analysis of the changes in net position from 2014 to 2015.

**Statement of Net Position
as of June 30, 2015 and 2014**

	Governmental Activities		Business-Type Activities		Total	
	2015	2014 (Restated)	2015	2014	2015	2014 (Restated)
Assets						
Current and Other Assets	\$ 6,313,511	\$ 6,115,835	\$ 318,820	\$ 424,205	\$ 6,632,331	\$ 6,540,040
Capital Assets, Net	<u>53,674,063</u>	<u>53,334,381</u>	<u>218,345</u>	<u>233,410</u>	<u>53,892,408</u>	<u>53,567,791</u>
Total Assets	<u>59,987,574</u>	<u>59,450,216</u>	<u>537,165</u>	<u>657,615</u>	<u>60,524,739</u>	<u>60,107,831</u>
Deferred Outflows of Resources	<u>477,291</u>	<u>103,825</u>	<u>-</u>	<u>-</u>	<u>477,291</u>	<u>103,825</u>
Liabilities:						
Long-Term Liabilities	39,490,951	41,364,165			39,490,951	41,364,165
Other Liabilities	<u>2,657,748</u>	<u>2,713,576</u>	<u>46,901</u>	<u>190,143</u>	<u>2,704,649</u>	<u>2,903,719</u>
Total Liabilities	<u>42,148,699</u>	<u>44,077,741</u>	<u>46,901</u>	<u>190,143</u>	<u>42,195,600</u>	<u>44,267,884</u>
Deferred Inflows of Resources	<u>1,005,116</u>	<u>-</u>	<u>9,669</u>	<u>5,527</u>	<u>1,014,785</u>	<u>5,527</u>
Net Position:						
Net Investment in Capital Assets	30,207,183	28,376,683	218,345	233,410	30,425,528	28,610,093
Restricted for:						
Debt Service	26,993	26,993			26,993	26,993
Maintenance	616,200	496,100			616,200	496,100
Capital Projects	354,159	420,593			354,159	420,593
Unrestricted	<u>(13,893,485)</u>	<u>(13,844,069)</u>	<u>262,250</u>	<u>228,535</u>	<u>(13,631,235)</u>	<u>(13,615,534)</u>
Total Net Position	<u>\$ 17,311,050</u>	<u>\$ 15,476,300</u>	<u>\$ 480,595</u>	<u>\$ 461,945</u>	<u>\$ 17,791,645</u>	<u>\$ 15,938,245</u>

**RAHWAY SCHOOL DISTRICT
RAHWAY, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**Changes in Net Position
For the Fiscal Years Ended June 30, 2015 and 2014**

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Revenues						
Program Revenues						
Charges for Services	\$ 236,132	\$ 134,282	\$ 607,632	\$ 619,787	\$ 843,764	\$ 754,069
Operating Grants and Contributions	18,852,052	11,361,400	1,235,033	1,179,829	20,087,085	12,541,229
Capital Grants and Contributions	762,087	68,040			762,087	68,040
General Revenues						
Property Taxes	41,576,064	40,272,086			41,576,064	40,272,086
Grants and Entitlements	17,768,853	17,729,372			17,768,853	17,729,372
Other	287,517	197,201	-	-	287,517	197,201
Total Revenues	<u>79,482,705</u>	<u>69,762,381</u>	<u>1,842,665</u>	<u>1,799,616</u>	<u>81,325,370</u>	<u>71,561,997</u>
Program Expenses						
Instruction						
Regular	29,461,782	25,260,411			29,461,782	25,260,411
Special Education	13,953,279	12,586,875			13,953,279	12,586,875
Other Instruction	5,910,360	4,860,384			5,910,360	4,860,384
School Sponsored Activities	1,864,893	1,249,951			1,864,893	1,249,951
Support Services						
Student and Instruction Related Services	10,061,008	8,897,984			10,061,008	8,897,984
School Administration Services	3,744,723	3,186,233			3,744,723	3,186,233
General & Central Administration Services	2,410,863	2,322,957			2,410,863	2,322,957
Plant Operations and Maintenance	5,421,145	6,218,664			5,421,145	6,218,664
Pupil Transportation	2,979,789	2,850,016			2,979,789	2,850,016
Interest on Long-Term Debt	1,010,774	1,011,585			1,010,774	1,011,585
Unallocated Depreciation	829,339	854,153			829,339	854,153
Food Service	-	-	1,824,015	1,797,792	1,824,015	1,797,792
Total Expenses	<u>77,647,955</u>	<u>69,299,213</u>	<u>1,824,015</u>	<u>1,797,792</u>	<u>79,471,970</u>	<u>71,097,005</u>
Change in Net Position	<u>\$ 1,834,750</u>	<u>\$ 463,168</u>	<u>\$ 18,650</u>	<u>\$ 1,824</u>	<u>\$ 1,853,400</u>	<u>\$ 464,992</u>

**RAHWAY SCHOOL DISTRICT
RAHWAY, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The table below shows the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

**Total and Net Cost of Governmental Activities
For the Fiscal Years Ended June 30, 2015 and 2014**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Program Expenses				
Instruction				
Regular	\$ 29,461,782	\$ 25,260,411	\$ 21,986,537	\$ 21,280,660
Special Education	13,953,279	12,586,875	8,023,530	7,885,115
Other Instruction	5,910,360	4,860,384	4,521,363	4,288,679
School Sponsored Activities	1,864,893	1,249,951	1,621,294	1,149,036
Support Services				
Student and Instruction Related Services	10,061,008	8,897,984	7,663,208	7,858,330
School Administrative Services	3,744,723	3,186,233	3,117,133	2,930,689
General and Central Administrative Services	2,410,863	2,322,957	2,117,701	2,200,188
Plant Operations and Maintenance	5,421,145	6,218,664	4,216,431	5,712,440
Pupil Transportation	2,979,789	2,850,016	2,771,528	2,649,533
Interest on Long-Term Debt	1,010,774	1,011,585	929,620	926,668
Unallocated Depreciation	829,339	854,153	829,339	854,153
Total Governmental Activities	<u>\$ 77,647,955</u>	<u>\$ 69,299,213</u>	<u>\$ 57,797,684</u>	<u>\$ 57,735,491</u>

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

Pupil Support expenses include the activities involved with assisting staff with the content and process of teaching to students, including curriculum, staff development and guidance.

General, central and school administration include expenses associated with administrative and financial supervision of the District.

Plant operations and maintenance involve keeping the school grounds, buildings, and equipment in good working condition.

Pupil transportation includes activities involved with the conveyance of students to and from school activities.

Interest and other charges involve the transactions associated with the payment of interest and other related charges to servicing the debt of the School District.

**RAHWAY SCHOOL DISTRICT
RAHWAY, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Governmental Activities (Continued)

Unallocated depreciation relates to capital assets which are shared by many departments of the District and therefore cannot easily be allocated to various functional areas.

The District's total revenues for governmental activities were \$79,482,705 for the year ended June 30, 2015. Property taxes made up 52% of revenues for governmental activities for the Rahway School District for fiscal year 2015. Federal, State, and local grants accounted for another 47% of revenue.

Business - Type Activities

Revenues for the District's business-type activities (food service program) were comprised of charges for services and federal and state reimbursements.

- Food Service revenues exceeded expenditures by \$18,650.
- Charges for services represent \$607,632 or 33% of revenue. This represents amounts paid by patrons for daily food service.
- Federal and state reimbursements for meals, including payments for free and reduced lunches, and donated commodities amounted to \$1,235,033 or 67% of revenue.

School District's Funds

Information about the School District's major funds follows this report. These funds are accounted for using the modified accrual basis of accounting. Governmental funds had total revenues of \$73,129,703, net other financing sources of \$898,673 and expenditures of \$73,795,218.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds for the fiscal years ended June 30, 2015 and 2014:

**RAHWAY SCHOOL DISTRICT
RAHWAY, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

School District's Funds (Continued)

**Summary of Governmental Fund Revenues
For the Fiscal Years Ended June 30, 2015 and 2014**

	Fiscal		Amount of Increase (Decrease)	Percent Change
	<u>Year Ended June 30,</u>			
	<u>2015</u>	<u>2014</u>		
Revenues				
Local Sources				
Tax Levy	\$ 41,576,064	\$ 40,272,086	\$ 1,303,978	3.2%
Other	1,257,175	368,511	888,664	241.1%
State Sources	28,279,334	27,194,310	1,085,024	4.0%
Federal Sources	<u>2,017,130</u>	<u>1,921,288</u>	<u>95,842</u>	5.0%
Total Revenues	<u>\$ 73,129,703</u>	<u>\$ 69,756,195</u>	<u>\$ 3,373,508</u>	4.8%

Total Governmental Fund revenues increased by \$3,373,508 or 4.8% from the prior year.

The following schedule presents a summary of governmental fund expenditures for the fiscal years ended June 30, 2015 and 2014:

**Summary of Governmental Fund Expenditures
For the Fiscal Years Ended June 30, 2015 and 2014**

	Fiscal		Amount of Increase (Decrease)	Percent Change
	<u>Year Ended June 30,</u>			
	<u>2015</u>	<u>2014</u>		
Expenditures				
Instruction	\$ 45,880,234	\$ 43,817,331	\$ 2,062,903	4.7%
Support Services	23,557,729	23,321,481	236,248	1.0%
Capital Outlay	1,213,129	609,538	603,591	99.0%
Debt Service	<u>3,144,126</u>	<u>2,855,558</u>	<u>288,568</u>	10.1%
Total Expenditures	<u>\$ 73,795,218</u>	<u>\$ 70,603,908</u>	<u>\$ 3,191,310</u>	4.5%

The Governmental Fund expenditures increased by 4.5% from the previous year largely due to TPAF pension expenditures paid by the State of New Jersey on behalf of the District.

**RAHWAY SCHOOL DISTRICT
RAHWAY, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

General Fund Budgeting Highlights

The School District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. Over the course of the year, the District revised the annual operating budget several times. Revisions in the budget were made to appropriate additional grants and to prevent over-expenditures in specific line item accounts.

Capital Assets

At the end of fiscal year 2015, the School District had \$53,674,063, net of accumulated depreciation, invested in Land, Construction in Progress, Buildings and Building Improvements, Land Improvements and Machinery and Equipment for Governmental Activities.

**Governmental Activities Capital Assets
At June 30, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
Land	\$ 1,546,445	\$ 1,546,445
Construction in Progress	353,035	33,707,277
Buildings and Building Improvements	70,730,686	36,975,559
Improvements Other than Buildings	1,422,755	665,051
Machinery and Equipment	<u>1,771,426</u>	<u>1,716,886</u>
	75,824,347	74,611,218
Less: Accumulated Depreciation	<u>(22,150,284)</u>	<u>(21,276,837)</u>
Capital Assets, Net	<u>\$ 53,674,063</u>	<u>\$ 53,334,381</u>

Overall, capital assets, net of depreciation increased \$339,682 from fiscal year 2014 to fiscal year 2015.

Additional information on the School District's capital assets is included in the Notes to the Financial Statements.

**RAHWAY SCHOOL DISTRICT
RAHWAY, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Debt Administration

At June 30, 2015, the School District had \$39,490,951 in long-term liabilities. Below is the breakdown of outstanding long-term liabilities.

**Long-Term Debt
Outstanding Long-Term Liabilities
as of June 30, 2015 and 2014**

	<u>2015</u>	<u>2014</u> (Restated)
Serial Bonds Payable	\$ 20,080,000	\$ 21,100,000
Obligations Under Lease Purchase Agreements	3,225,000	3,795,000
Capital Leases	1,176,549	829,477
Net Pension Liability	12,786,008	13,339,666
Compensated Absences	<u>2,223,394</u>	<u>2,300,022</u>
Total	<u>\$ 39,490,951</u>	<u>\$ 41,364,165</u>

At June 30, 2015, the School District's remaining legal debt margin (borrowing capacity) was \$87,085,113.

Additional information on the School District's debt is included in the Notes to the Financial Statements.

For the Future

Like most public schools in the State of New Jersey, the Rahway Public Schools' financial future is plagued with uncertainty due in part to the State Aid Funding Formula, which leaves Rahway underfunded.

Although the District has been able to exist within the State's 2% cap mandate, national inflation and cost of living increases do not allow purchasing power comparable to the prior year.

The District continues to have a large special education population, which places a significant financial burden as the District attempts to educate our children in the least restrictive environment. Additionally, the District ELL population continues to grow at a fast pace and this too places more of a significant burden on the budget. Rahway has also become a district which features a high level of student mobility and transiency. These students are needier.

Although the District has completed a recent building referendum, the age of our infrastructure still requires constant attention. Understanding that, the residents of Rahway continue to bear a significant financial burden. Future decisions are made balancing need and available resources. Every effort is made to provide the students of Rahway a solid, positive educational experience within the framework of a bearable burden to the citizens.

**RAHWAY SCHOOL DISTRICT
RAHWAY, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to reflect the School District's accountability for the money it receives. Questions about this report or additional financial information needs should be directed to Albert DiGiorgio, Business Administrator, Rahway Board of Education, Rahway Middle School, Kline Place, Rahway, New Jersey 07065.

BASIC FINANCIAL STATEMENTS

**RAHWAY SCHOOL DISTRICT
STATEMENT OF NET POSITION
AS OF JUNE 30, 2015**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 1,408,655		\$ 1,408,655
Intergovernmental Receivables	5,107,926	\$ 89,751	5,197,677
Receivables, net	2,387	5,643	8,030
Internal Balances	(205,457)	205,457	
Inventory		17,969	17,969
Capital Assets Not Being Depreciated	1,899,480		1,899,480
Capital Assets, Being Depreciated, net	<u>51,774,583</u>	<u>218,345</u>	<u>51,992,928</u>
Total Assets	<u>59,987,574</u>	<u>537,165</u>	<u>60,524,739</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount on Refunding of Debt	75,230	-	75,230
Deferred Amount on Net Pension Liability	<u>402,061</u>	<u>-</u>	<u>402,061</u>
Total Deferred Outflows of Resources	<u>477,291</u>	<u>-</u>	<u>477,291</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	2,025,337	39,938	2,065,275
Accrued Interest	338,728		338,728
Payable to Other Governments	3,122		3,122
Unearned Revenue	290,561	6,963	297,524
Noncurrent Liabilities			
Due Within One Year	3,377,913		3,377,913
Due Beyond One Year	<u>36,113,038</u>	<u>-</u>	<u>36,113,038</u>
Total Liabilities	<u>42,148,699</u>	<u>46,901</u>	<u>42,195,600</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Commodities Revenue	-	9,669	9,669
Deferred Amount on Net Pension Liability	<u>1,005,116</u>	<u>-</u>	<u>1,005,116</u>
Total Deferred Inflows of Resources	<u>1,005,116</u>	<u>9,669</u>	<u>1,014,785</u>
NET POSITION			
Net Investment in Capital Assets	30,207,183	218,345	30,425,528
Restricted for:			
Debt Service	26,993		26,993
Maintenance	616,200		616,200
Capital Projects	354,159		354,159
Unrestricted	<u>(13,893,485)</u>	<u>262,250</u>	<u>(13,631,235)</u>
Total Net Position	<u>\$ 17,311,050</u>	<u>\$ 480,595</u>	<u>\$ 17,791,645</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

**RAHWAY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Functions/Programs:	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Instruction							
Regular	\$ 29,461,782	\$ 35,105	\$ 7,440,140		\$ (21,986,537)		\$ (21,986,537)
Special Education	13,953,279	201,027	5,728,722		(8,023,530)		(8,023,530)
Other Instruction	5,910,360		1,388,997		(4,521,363)		(4,521,363)
School Sponsored Activities	1,864,893		243,599		(1,621,294)		(1,621,294)
Support Services							
Student and Instruction Related Svcs.	10,061,008		2,397,800		(7,663,208)		(7,663,208)
General Administration	1,059,548		147,064		(912,484)		(912,484)
School Administration	3,744,723		627,590		(3,117,133)		(3,117,133)
Central Services	1,351,315		146,098		(1,205,217)		(1,205,217)
Plant Operations and Maintenance	5,421,145		442,627	\$ 762,087	(4,216,431)		(4,216,431)
Pupil Transportation	2,979,789		208,261		(2,771,528)		(2,771,528)
Interest on Long-Term Debt	1,010,774		81,154		(929,620)		(929,620)
Unallocated Depreciation	829,339	-	-	-	(829,339)	-	(829,339)
Total Governmental Activities	<u>77,647,955</u>	<u>236,132</u>	<u>18,852,052</u>	<u>762,087</u>	<u>(57,797,684)</u>	<u>-</u>	<u>(57,797,684)</u>
Business-Type Activities							
Food Service	<u>1,824,015</u>	<u>607,632</u>	<u>1,235,033</u>	<u>-</u>	<u>-</u>	<u>\$ 18,650</u>	<u>18,650</u>
Total business-type activities	<u>1,824,015</u>	<u>607,632</u>	<u>1,235,033</u>	<u>-</u>	<u>-</u>	<u>18,650</u>	<u>18,650</u>
Total Primary Government	<u>\$ 79,471,970</u>	<u>\$ 843,764</u>	<u>\$ 20,087,085</u>	<u>\$ 762,087</u>	<u>(57,797,684)</u>	<u>18,650</u>	<u>(57,779,034)</u>
General Revenues:							
Property Taxes Levied for:							
General Purposes					39,216,163		39,216,163
Debt Service					2,359,901		2,359,901
State Aid - Unrestricted					17,637,507		17,637,507
State Aid Restricted for Debt Service					131,346		131,346
Investment Earnings					5,864		5,864
Miscellaneous Income					281,653	-	281,653
Total General Revenues					<u>59,632,434</u>	<u>-</u>	<u>59,632,434</u>
Change in Net Position					1,834,750	18,650	1,853,400
Net Position, Beginning of Year (Restated)					<u>15,476,300</u>	<u>461,945</u>	<u>15,938,245</u>
Net Position, End of Year					<u>\$ 17,311,050</u>	<u>\$ 480,595</u>	<u>\$ 17,791,645</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

**RAHWAY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AS JUNE 30, 2015**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 246,850		\$ 1,142,098	\$ 19,707	\$ 1,408,655
Due from Other Funds	5,229,710				5,229,710
Receivables From Other Governments	187,911	\$ 636,507	4,283,508		5,107,926
Other Receivables	-	2,387	-	-	2,387
Total Assets	<u>\$ 5,664,471</u>	<u>\$ 638,894</u>	<u>\$ 5,425,606</u>	<u>\$ 19,707</u>	<u>\$ 11,748,678</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 649,911	\$ 105,516			\$ 755,427
Due to Other Funds	1,269,910	445,491	\$ 4,989,676		6,705,077
Payable to State Government		3,122			3,122
Unearned Revenue	-	93,696	196,865	-	290,561
Total Liabilities	<u>1,919,821</u>	<u>647,825</u>	<u>5,186,541</u>	<u>-</u>	<u>7,754,187</u>
Fund Balances					
Restricted					
Capital Reserve	170,746				170,746
Maintenance Reserve	616,200				616,200
Debt Service			7,286	\$ 19,707	26,993
Capital Projects			231,779		231,779
Excess Surplus	1,479,371				1,479,371
Excess Surplus, Designated for Subsequent Year's Expenditures	1,000,214				1,000,214
Assigned					
Year End Encumbrances	51,588				51,588
SEMI/ARRA Designated for Subsequent Year's Expenditures	80,771				80,771
Unassigned	(1,083,300)	(8,931)	-	-	(1,092,231)
Total Fund Balances	<u>3,744,650</u>	<u>(8,931)</u>	<u>239,065</u>	<u>19,707</u>	<u>3,994,491</u>
Total Liabilities and Fund Balances	<u>\$ 5,664,471</u>	<u>\$ 638,894</u>	<u>\$ 5,425,606</u>	<u>\$ 19,707</u>	

Amounts reported for *governmental activities* in the statement of net assets (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$75,824,347 and the accumulated depreciation is \$22,150,284.

53,674,063

Accrued interest on long-term liabilities are not reported as liabilities in the fund.

(338,728)

Amounts resulting from the refunding of debt are reported as deferred outflows of resources on the statement of net position and amortized over the life of the debt.

75,230

Certain amounts resulting from the measurement of the net pension liability are reported as either deferred inflows of resources or deferred outflows of resources on the statement of net position and deferred over future years.

(603,055)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. (See Note 2)

(39,490,951)

Net Position of Governmental Activities

\$ 17,311,050

The accompanying Notes to the Financial Statements are an integral part of this statement

RAHWAY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local Sources					
Property Tax Levy	\$ 39,216,163			\$ 2,359,901	\$ 41,576,064
Tuition	236,132				236,132
Interest Earned on Capital Reserve Fund	100				100
Interest Earned on Maintenance Reserve Fund	100				100
Interest Earned on Investments	4,321		\$ 1,343		5,664
Miscellaneous	281,653	\$ 163,526	570,000	-	1,015,179
Total - Local Sources	39,738,469	163,526	571,343	2,359,901	42,833,239
State Sources	27,078,483	796,264	192,087	212,500	28,279,334
Federal Sources	239,078	1,778,052	-	-	2,017,130
Total Revenues	67,056,030	2,737,842	763,430	2,572,401	73,129,703
EXPENDITURES					
Current					
Instruction					
Regular Instruction	25,026,305	1,298,914			26,325,219
Special Education Instruction	12,113,369	912,420			13,025,789
Other Instruction	5,164,046	80,402			5,244,448
School Sponsored Co-Curricular Activities	1,284,778				1,284,778
Support Services					
Student and Instruction Related Services	8,954,462	455,037			9,409,499
General Administration Services	1,097,749				1,097,749
School Administration Services	3,384,777				3,384,777
Business/Central Services	1,263,954				1,263,954
Plant Operations and Maintenance	5,426,941				5,426,941
Pupil Transportation	2,974,809				2,974,809
Debt Service					
Principal	551,601			1,590,000	2,141,601
Interest and Other Charges	20,124			982,401	1,002,525
Capital Outlay	54,540	-	1,158,589	-	1,213,129
Total Expenditures	67,317,455	2,746,773	1,158,589	2,572,401	73,795,218
Excess of Revenues Over Expenditures	(261,425)	(8,931)	(395,159)	-	(665,515)
OTHER FINANCING SOURCES (USES)					
Capital Lease Proceeds	898,673				898,673
Transfers In	43,634		462,238		505,872
Transfers Out	(462,238)	-	(43,634)	-	(505,872)
Total Other Financing Sources and Uses	480,069	-	418,604	-	898,673
Net Change in Fund Balances	218,644	(8,931)	23,445	-	233,158
Fund Balance, Beginning of Year	3,526,006	-	215,620	19,707	3,761,333
Fund Balance, End of Year	\$ 3,744,650	\$ (8,931)	\$ 239,065	\$ 19,707	\$ 3,994,491

The accompanying Notes to the Financial Statements are an integral part of this statement.

**RAHWAY SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
WITH THE DISTRICT-WIDE STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) \$ 233,158

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are allocated over their estimated useful lives as annual depreciation expense. This is the amount by which capital outlays exceeds depreciation in the current period.

Capital Outlays	\$ 1,213,129	
Depreciation Expense	<u>(873,447)</u>	
		339,682

The issuance of long term debt provides current financial resources to governmental funds, while the repayment of the principal of long term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Debt Issued		
Capital Lease Proceeds		(898,673)
Principal Repayments:		
Lease Purchase Principal	570,000	
Capital Lease Principal	551,601	
Bond Principal	<u>1,020,000</u>	
		2,141,601

Deferred amounts on refundings are reported in the governmental funds as expenditures in the year the bonds are issued. However, on the Statement of Activities, the costs are amortized over the life of the bonds. These costs are an addition in the reconciliation in the year issued and a deduction for the amortization in the reconciliation.

Current Year Amortization:		
Deferred Amount on Refunding		(28,595)

In the statement of activities certain expenses are measured by the amounts earned or accrued during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (paid):

Decrease in Accrued Interest		20,346
Increase in Pension Expenses		(49,397)
Decrease in Compensated Absences		<u>76,628</u>

Change in Net Position of Governmental Activities (Exhibit A-2) \$ 1,834,750

**RAHWAY SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2015**

	Business-Type Activities Enterprise Fund <u>Food Service</u>
ASSETS	
Current Assets	
Accounts Receivable	
Intergovernmental	\$ 89,751
Accounts	5,643
Due from Other Funds	228,536
Inventory	<u>17,969</u>
Total Current Assets	<u>341,899</u>
Capital Assets	
Furniture, Machinery and Equipment	512,367
Less: Accumulated Depreciation	<u>(294,022)</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>218,345</u>
Total Assets	<u>560,244</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	39,938
Due to Other Funds	23,079
Unearned Revenue	<u>6,963</u>
Total Current Liabilities	<u>69,980</u>
Total Liabilities	<u>69,980</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Commodities Revenue	<u>9,669</u>
Total Deferred Inflows of Resources	<u>9,669</u>
NET POSITION	
Investment in Capital Assets	218,345
Unrestricted	<u>262,250</u>
Total Net Position	<u>\$ 480,595</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

**RAHWAY SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN FUND NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Business-Type Activities Enterprise Fund <u>Food Service</u>
OPERATING REVENUES	
Charges for Services	
Daily Sales - Reimbursable Programs	\$ 587,223
Daily Sales - Non-Reimbursable Programs	<u>20,409</u>
 Total Operating Revenues	 <u>607,632</u>
OPERATING EXPENSES	
Cost of Sales	813,792
Salaries and Wages	602,444
Employee Benefits	43,050
Management Fee	64,280
Other Purchased Technical Services	3,187
Other Purchased Services	37,454
Supplies and Materials	108,705
Repairs and Maintenance	21,167
Outside Services	11,156
Insurance	85,480
Laundry/Uniforms	7,447
Other Expenses	8,066
Depreciation	<u>17,787</u>
 Total Operating Expenses	 <u>1,824,015</u>
 Operating Loss	 <u>(1,216,383)</u>
NONOPERATING REVENUES	
State Sources	
State School Lunch Program	22,760
Federal Sources	
National School Lunch Program	
Cash Assistance	952,907
Non-Cash Assistance	123,143
National School Breakfast Program	<u>136,223</u>
 Total Nonoperating Revenues	 <u>1,235,033</u>
 Change in Net Position	 18,650
 Net Position, Beginning of Year	 <u>461,945</u>
 Net Position, End of Year	 <u>\$ 480,595</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

**RAHWAY SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Business-Type Activities Enterprise Fund <u>Food Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers	\$ 602,795
Payments for Employees Salaries and Benefits	(645,494)
Payments to Suppliers	<u>(1,181,451)</u>
Net Cash Used by Operating Activities	<u>(1,224,150)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Receipts from Other Funds	23,079
Receipts from State and Federal Subsidies	<u>1,095,687</u>
Net Cash Provided By Non-Capital Financing Activities	<u>1,118,766</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of Capital Assets	<u>(2,722)</u>
Net Cash Used by Capital and Related Financing Activities	<u>(2,722)</u>
Net Decrease in Cash and Cash Equivalents	(108,106)
Cash and Cash Equivalents—Beginning of Year	<u>108,106</u>
Cash and Cash Equivalents—End of Year	<u>\$ -</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ <u>(1,216,383)</u>
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities	
Depreciation	17,787
Food Distribution (USDA Commodities) National School Lunch Program	123,143
Changes in Assets, Liabilities and Deferred Inflows of Resources	
Increase in Accounts Receivable, Net	(5,643)
Increase in Inventory	(3,954)
Increase in Deferred Inflows of Resources	4,142
Increase in Unearned Revenue	806
Decrease in Accounts Payable	<u>(144,048)</u>
Total Adjustments	<u>(7,767)</u>
Net Cash Used For Operating Activities	<u>\$ (1,224,150)</u>
Non Cash Financing Activities	
Fair Value of Food Distribution Program	\$ 127,285

The accompanying Notes to the Financial Statements are an integral part of this statement.

**RAHWAY SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2015**

	Scholarship Trust Funds	Unemployment Compensation Trust Fund	Agency Fund
ASSETS			
Cash and Cash Equivalents	\$ 151,346	\$ 266,771	\$ 345,289
Accounts Receivable		15,676	
Due from Other Funds	-	1,666	1,269,910
Total Assets	151,346	284,113	\$ 1,615,199
LIABILITIES			
Intergovernmental Accounts Payable		806	
Payable To Student Groups			\$ 160,866
Due to Other Funds			1,666
Payroll Deductions and Withholdings			17,037
Reserve for Flex Spending Account			12,607
Summer Savings			1,407,894
Accrued Salaries and Wages	-	-	15,129
Total Liabilities	-	806	\$ 1,615,199
NET POSITION			
Held In Trust For Unemployment Claims		283,307	
Reserved for Scholarships	151,346	-	
Total Net Position	\$ 151,346	\$ 283,307	

The accompanying Notes to the Financial Statements are an integral part of this statement.

**RAHWAY SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Scholarship Trust Funds</u>	<u>Unemployment Compensation Trust</u>
Additions:		
Contributions		
Employee		\$ 54,198
District		
Other	\$ 26,267	-
Total Contributions	<u>26,267</u>	<u>54,198</u>
Investment Earnings		
Interest	<u>2,351</u>	<u>460</u>
Net Investment Earnings	<u>2,351</u>	<u>460</u>
Total Additions	<u>28,618</u>	<u>54,658</u>
Deductions:		
Unemployment Claims and Contributions		39,398
Scholarships Awarded	<u>29,435</u>	<u>-</u>
Total Deductions	<u>29,435</u>	<u>39,398</u>
Change in Net Position	(817)	15,260
Net Position, Beginning of Year	<u>152,163</u>	<u>268,047</u>
Net Position, End of Year	<u>\$ 151,346</u>	<u>\$ 283,307</u>

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Rahway School District (the “Board” or the “District”) is an instrumentality of the State of New Jersey, established to function as an education institution. The Board consists of nine elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

The Board also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the Rahway School District this includes general operations, food service, and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Based on the foregoing criteria, the District has no component units. Furthermore, the District is not includable in any other reporting entity as a component unit.

B. New Accounting Standards

During fiscal year 2015, the District adopted the following GASB statements:

- GASB 68, *Accounting and Financial Reporting for Pensions*. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria.
- GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, should be applied simultaneously with the provisions of Statement No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

Other accounting standards that the District is currently reviewing for applicability and potential impact on the financial statements include:

- GASB 72, *Fair Value Measurement and Application*, will be effective beginning with the fiscal year ending June 30, 2016. This Statement addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.
- GASB 73, *Accounting and Financial Reporting for Pensions and Related Assets that Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability.
- GASB 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.
- GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, will be effective beginning with the fiscal year ending June 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.
- GASB 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, will be effective beginning with the fiscal year ending June 30, 2016. The objective of this Statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

C. Basis of Presentation - Financial Statements

The financial statements include both district-wide financial statements (based on the District as a whole) and fund financial statements (based on specific District activities or objectives). Both the district-wide and fund financial statements categorize activities as either governmental activities or business-type activities. While separate district-wide and fund financial statements are presented, they are interrelated. In the district-wide financial statements, the governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the District’s enterprise funds. Fiduciary funds are excluded from the district-wide financial statements.

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

District-Wide Financial Statements

The district-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Board of Education. All fiduciary activities are reported only in the fund financial statements. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by property taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. In the statement of net position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) reflect on a full accrual economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or other governmental entities, including other school districts, who purchase, use, or directly benefit from goods or services provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes, unrestricted state aid, and other items not properly included among program revenues are reported instead as general revenues.

As a general rule the effect of interfund activity has been eliminated from the district-wide financial statements. Exceptions to this general rule are charges between the Board's proprietary and fiduciary funds since elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements

Separate fund financial statements are provided for governmental, proprietary, and fiduciary activities, even though the latter are excluded from the district-wide financial statements. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each reported as separate columns in the fund financial statements. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. The District considers all of its governmental and enterprise funds to be major funds.

The District reports the following major governmental funds:

The *general fund* is the School District's primary operating fund. It accounts for all financial resources of the District, except those to be accounted for in another fund.

The *special revenue fund* accounts for the proceeds of specific revenue sources legally restricted to expenditures for specified purposes. This fund accounts for federal, state and local financial programs, with the exception of grants for major capital projects and the child nutrition programs.

The *capital projects fund* accounts for the proceeds from the sale of bonds, lease purchases and other revenues used for the acquisition or construction of capital facilities and other capital assets, other than those financed by the proprietary funds.

The *debt service fund* accounts for the accumulation of resources that are restricted, committed or assigned for the payment of principal and interest on long-term general obligation debt of governmental funds.

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

The District reports the following major proprietary fund which is organized to be self-supporting through user charges:

The *food service fund* accounts for the activities of the school cafeteria, which provides food service to students as well as a la carte and catering services for teachers and special events.

Additionally, the government reports the following fund type:

The *fiduciary trust fund* is used to account for resources legally held in trust for the state unemployment insurance claims, for private donations for scholarship awards, payroll related activities and student related activities which are supported and controlled by student organizations and clubs. All resources of the fund, including any earnings on invested resources, may be used to support the intended purpose. There is no requirement that any portion of these resources be preserved as capital.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the district-wide financial statements as "internal balances".

Reclassifications

Certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements with the exception of the agency fund which does not have a measurement focus. All assets, all liabilities and all deferred outflows/inflows of resources associated with these operations (with the exception of the fiduciary funds) are included on the Statement of Net Position. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual (i.e. when they are both measurable and available). Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Board considers revenues to be available if they are collected within 60 days after year-end. Expenditures are recorded when a liability is incurred, as under accrual basis of accounting, with the exception of debt service expenditures as well as expenditures related to compensated absences and claims and judgments which are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Property taxes, tuition, unrestricted state aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements (formula-type grants and aid) are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source. Expenditure-driven grants and similar awards (reimbursement-type grants and awards) are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements imposed by the grantor or provider have been met, and the amount is received during the period or within the availability period for this revenue source. All other revenue items are considered to be measurable and available only when cash is received by the District.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. *Cash, Cash Equivalents and Investments*

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are reported at fair value and are limited by N.J.S.A. 18A:20-37.

2. *Receivables*

All receivables are reported at their gross value, and where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

3. *Inventories*

The cost of inventories of the governmental fund types are recorded as expenditures at the time individual inventory items are purchased.

Food Service Fund inventories, exclusive of the federal commodities, are valued at cost, using the first-in first-out (FIFO) method and consist of food and expendable supplies. The cost of such inventories is recorded as expenses when consumed rather than when purchased. The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by the USDA. It is valued at estimated market prices by the USDA. The amount of unused commodities at year-end is reported as deferred inflows of resources.

**RAHWAY SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

4. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years. The District was able to estimate the historical cost for the initial reporting of these capital assets through back trending. As the District constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Land and construction in progress are not depreciated. The other property, plant, and equipment of the District is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land Improvements	20
Buildings	40
Building Improvements	20-40
Heavy Equipment	10-15
Office Equipment and Furniture	10
Computer Equipment	5

5. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has two items which arise only under the accrual basis of accounting that qualify for reporting in this category. One item is the deferred amounts on refunding of debt which results from the loss on a debt refunding reported in the district-wide statement of net position. Deferred amounts on debt refunding result from the loss on the transaction when the debt's reacquisition price is greater than the carrying value of the refunded debt. These amounts are deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item that qualifies for reporting in this category is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; (4) changes in proportion and differences between employer contributions and proportionate share of contributions; and (5) contributions made subsequent to the measurement date. These amounts are deferred and amortized over future years.

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

5. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has two types of items which arise only under the accrual basis of accounting that qualify for reporting in this category. One item that qualifies for reporting in this category is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years. The other item that qualifies for reporting in this category is the deferred commodities revenue, reported in both the district-wide and the proprietary funds statements of net position. The deferred commodities revenue represents the estimated market value of the donated and unused Federal commodities at year end. This amount is deferred and recognized as an inflow of resources in the period the commodities are consumed.

6. Compensated Absences

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused sick leave benefits. A long-term liability of accumulated sick leave and salary related payments has been recorded in the governmental activities in the district-wide financial statements, representing the Board's commitment to fund such costs from future operations. Proprietary Funds accrue accumulated sick leave and salary related payments in the period that they are earned. A liability is reported in the governmental funds only to the amount actually due at year end as a result of employee resignations and retirements.

7. Pensions

In the district-wide financial statements, for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the retirement systems sponsored and administered by the State of New Jersey and additions to/deductions from these retirement systems' fiduciary net position have been determined on the same basis as they are reported by the retirement systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

In the governmental fund financial statements, net pension liabilities represent amounts normally expected to be liquidated with expendable available financial resources for required pension contributions that are due and payable at year end. Pension expenditures are recognized based on contractual pension contributions that are required to be made to the pension plan during the fiscal year.

8. Long-Term Obligations

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Gains resulting from debt refundings are classified as deferred inflows of resources and losses are reported as deferred outflows or resources. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Gains and losses resulting from debt refundings are also deferred and amortized over the life of the refunded bonds or new bonds whichever is less using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs (other than for prepaid insurance) are treated as an expense.

RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

9. *Net Position/Fund Balance*

District-Wide Statements

In the district-wide statements, there are three classes of net position:

- **Net Investment in Capital Assets** – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources attributable to the acquisition, construction or improvement of those assets or related debt also should be included.
- **Restricted Net Position** – reports net position when constraints placed on the residual amount of noncapital assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position** – any portion of net position not already classified as either net investment in capital assets or net position – restricted is classified as net position – unrestricted.

Governmental Fund Statements

Fund balance categories are designed to make the nature and extent of the constraints placed on the District's fund balance more transparent. These categories are comprised of a hierarchy based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

Restricted Fund Balance – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Capital Reserve – This restriction was created by the District in accordance with NJAC 6A:23A-14.1 to fund future capital expenditures (See Note 3.)

Maintenance Reserve – This restriction was created by the Board in accordance with NJAC 6A:23A-14.2 to accumulate funds for the required maintenance of school facilities in accordance with the EFCA (NJSA 18A:7G-9) for a thorough and efficient education.

Debt Service – Represents fund balance restricted specifically for the repayment of long-term debt principal and interest in the Debt Service Fund.

Capital Projects – Represents fund balance restricted specifically for capital acquisitions and improvements in the Capital Projects Fund.

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2015 audited excess surplus that is required to be appropriated in the 2016/2017 original budget certified for taxes.

Excess Surplus – Designated for Subsequent Year's Expenditures - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2014 audited excess surplus that was appropriated in the 2015/2016 original budget certified for taxes.

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

Governmental Fund Statements (Continued)

9. *Net Position/Fund Balance (Continued)*

Assigned Fund Balance – Amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

Year-End Encumbrances – Represent outstanding purchase orders for goods or services approved by management for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

ARRA/SEMI – Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of the ARRA/SEMI revenue that is unexpended at June 30, 2015 that will be appropriated either by Board resolution into the 2015/2016 budget or in the adopted 2016/2017 budget certified for taxes.

Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2015/2016 District budget certified for taxes.

Unassigned Fund Balance – Represents fund balance that has not been restricted, committed or assigned to specific purposes within the governmental funds.

F. Revenues and Expenditures/Expenses

1. *Program Revenues*

Amounts reported as program revenues in the district-wide statement of activities include 1) charges to customers or applicants for goods or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes, unrestricted state aid, investment earnings and miscellaneous revenues.

2. *Property Taxes*

Property taxes are levied pursuant to law and are collected by the municipality and are transferred to the District as requested. Property tax revenues are recognized in the year they are levied and become available. Property taxes collected in advance of the year-end for which they are levied and transferred to the District are reported as deferred inflows of resources. The tax bills are mailed annually in June by the municipal tax collector and are levied and due in four quarterly installments on August 1, November 1, February 1 and May 1 of the fiscal year. When unpaid, taxes or any other municipal lien, or part thereof, on real property, remains in arrears on April 1st in the year following the calendar year levy when the same became in arrears, the tax collector of the municipality shall, subject to the provisions of New Jersey Statute, enforce the lien by placing the property on a tax sale. The municipality may institute annual “in rem” tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property.

**RAHWAY SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

3. *Tuition Revenues and Expenditures*

Tuition Revenues - Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs are determined and certified by the State Department of Education.

Tuition Expenditures - Tuition charges for the fiscal years 2013-2014 and 2014-2015 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

4. *Proprietary Funds, Operating and Non-Operating Revenues and Expenses*

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the food service enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Federal and State subsidies for the food service operation are considered nonoperating revenues.

NOTE 2 RECONCILIATION OF DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the district-wide statement of net position

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position– governmental activities as reported in the district-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$39,490,951 difference are as follows:

Bonds payable	\$ 20,080,000
Capital Leases Payable	1,176,549
Obligations Under Lease Purchase	3,225,000
Compensated Absences	2,223,394
Net Pension Liability	<u>12,786,008</u>
 Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	 <u>\$ 39,490,951</u>

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

In accordance with the requirements of the New Jersey Department of Education ("the Department"), the District annually prepares its operating budget for the forthcoming year. The budget, except for the general fund and special revenue fund, which is more fully explained below and in the notes to the required supplementary information, is prepared in accordance with accounting principles generally accepted in the United States of America and serves as a formal plan for expenditures and the proposed means for financing them. Capital lease transactions are accounted for on the GAAP basis.

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. Prior to the 2012/2013 budget year, the annual budget was required to be voted upon at the annual school election held on the third Tuesday in April. On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district's annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. On January 31, 2012, the Board adopted a resolution to move its annual election to the date of the general elections in accordance with the law; therefore voter approval of the annual budget is not required.

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2014/2015. Also, during 2014/2015 the Board increased the original budget by \$1,123,694. The increase was funded by capital reserve appropriated, grant awards and the reappropriation of prior year general fund encumbrances.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described in the Notes to Required Supplementary Information (RSI). Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

Encumbrance accounting is employed in the governmental funds. Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as committed and/or assigned fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services which are reappropriated and honored during the subsequent fiscal year.

**RAHWAY SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Deficit Fund Equity

The District has an unassigned fund deficit of \$1,083,300 in the General Fund and \$8,931 in the Special Revenue Fund as of June 30, 2015 as reported in the fund financial statements (modified accrual basis). NJSA 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record these delayed state aid payments as revenue, for budget purposes only, in the current school budget year. The statute provides legal authority for school districts to recognize this revenue in the current budget year. GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions", requires that intergovernmental transactions (revenue, expenditure, asset, liability) should be recognized in symmetry (i.e., if one government recognizes an asset, the other government recognizes a liability). Since the State of New Jersey is recording certain 2014/2015 budgeted state aid payments in the subsequent fiscal year, the school district cannot recognize such payments on the GAAP (fund) financial statements until the year the State records the payable. Due to the timing difference of recording these delayed state aid payments, the General and Special Revenue Fund deficits do not alone indicate that the District is facing financial difficulties; however, unless the State of New Jersey budgets the delayed payments in future years, the District may also report fund deficits in the future.

Pursuant to NJSA 18A:22-44.2, any negative unreserved, undesignated (i.e., unassigned) general fund balance that is reported as a direct result of a delay in the payment of state aid until the following fiscal year, is not considered as a violation of New Jersey Statute or regulation and is not considered an item in need of corrective action. The District deficits in the GAAP (fund) financial statements of \$1,083,300 in the General Fund and \$8,931 in the Special Revenue Fund are equal to or less than the delayed state aid payments.

C. Capital Reserve

A capital reserve account was established by the District. The accumulation of funds will be used for capital outlay expenditures in subsequent fiscal years. The capital reserve is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the Department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-14.1(g), the balance in the reserve cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the fiscal year ended June 30, 2015 is as follows:

Balance, July 1, 2014	\$ 420,593
Increased by:	
Interest earnings	\$ 100
Unexpended Capital Projects Cancelled	<u>42,291</u>
	42,391
Decreased by:	
Approved by Board Resolution	<u>(292,238)</u>
Balance, June 30, 2015	<u>\$ 170,746</u>

**RAHWAY SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

D. Maintenance Reserve

A maintenance reserve account was established by the District. The accumulation of funds will be used for required maintenance of school facilities expenditures in subsequent fiscal years. The maintenance reserve is maintained in the General Fund and its activity is included in the General Fund annual budget.

Funds placed in the maintenance reserve are restricted to required maintenance activities for a school facility as reported in the comprehensive maintenance plan. A District may appropriate funds into the maintenance reserve in the annual General Fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts or both. Pursuant to N.J.A.C. 6A:23A-14.2(g), the balance in the reserve cannot at any time exceed four percent of the replacement cost of the school district's school facilities for the current year.

The activity of the maintenance reserve for the fiscal year ended June 30, 2015 is as follows:

Balance, July 1, 2014		\$ 496,100
Increased by		
Interest earnings	\$ 100	
Deposits Approved by Board Resolution	<u>300,000</u>	
Total Increases		300,100
Withdrawals		
Approved by Board Resolution	<u>180,000</u>	
Total Withdrawals		<u>180,000</u>
Balance, June 30, 2015		<u>\$ 616,200</u>

E. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Reserved Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2015 is \$2,479,585.[^] Of this amount, \$1,000,214 was designated and appropriated in the 2015/2016 original budget certified for taxes and the remaining amount of \$1,479,371 will be appropriated in the 2016/2017 original budget certified for taxes.

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

The Board's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Board is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2015, the book value of the Board's deposits were \$2,172,061 and bank and brokerage firm balances of the Board's deposits amounted to \$3,883,544.. The Board's deposits which are displayed on the various fund balance sheets as "cash" or "cash and cash equivalents" are categorized as:

Depository Account

Insured	<u>\$ 3,883,544</u>
---------	---------------------

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2015 the Board's bank balances were not exposed to custodial credit risk.

Investments

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located, Local Government investment pools, and agreements or the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2015, the Board had no outstanding investments.

Investment and interest earnings in the Capital Projects Fund are assigned to the General Fund in accordance with Board policy.

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

Receivables as of June 30, 2015 for the district's individual major funds and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Food Service</u>	<u>Other Funds</u>	<u>Total</u>
Receivables:						
Accounts		\$ 2,387		\$ 5,643	\$ 15,676	\$ 23,706
Intergovernmental-						
Federal	\$ 20,038	636,507		88,062		744,607
State	129,379		\$ 4,283,508	1,689		4,414,576
Local	<u>38,494</u>	-	-	-	-	<u>38,494</u>
Gross Receivables	187,911	638,894	4,283,508	95,394	15,676	5,221,383
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 187,911</u>	<u>\$ 638,894</u>	<u>\$ 4,283,508</u>	<u>\$ 95,394</u>	<u>\$ 15,676</u>	<u>\$ 5,221,383</u>

C. Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unearned revenue reported in the governmental funds were as follows:

	<u>Total</u>
Special Revenue Fund	
Unencumbered Grant Draw Downs	\$ 91,891
Grant Draw Downs Reserved for Encumbrances	1,805
Capital Projects Fund	
Unrealized School Facilities Grants	<u>196,865</u>
 Total Unearned Revenue for Governmental Funds	 <u>\$ 290,561</u>

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2015 was as follows:

	Balance, June 30, 2014	Increases	Decreases	Balance, June 30, 2015
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 1,546,445			\$ 1,546,445
Construction in Progress	<u>33,707,277</u>	\$ 400,885	\$ (33,755,127)	<u>353,035</u>
Total Capital Assets, Not Being Depreciated	<u>35,253,722</u>	<u>400,885</u>	<u>(33,755,127)</u>	<u>1,899,480</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	36,975,559	33,755,127	-	70,730,686
Improvements other than Buildings	665,051	757,704		1,422,755
Machinery and Equipment	<u>1,716,886</u>	<u>54,540</u>	-	<u>1,771,426</u>
Total Capital Assets Being Depreciated	<u>39,357,496</u>	<u>34,567,371</u>	-	<u>73,924,867</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(19,734,619)	(782,907)		(20,517,526)
Improvements other than Buildings	(429,871)	(21,704)		(451,575)
Machinery and Equipment	<u>(1,112,347)</u>	<u>(68,836)</u>	-	<u>(1,181,183)</u>
Total Accumulated Depreciation	<u>(21,276,837)</u>	<u>(873,447)</u>	-	<u>(22,150,284)</u>
Total Capital Assets, Being Depreciated, Net	<u>18,080,659</u>	<u>33,693,924</u>	-	<u>51,774,583</u>
Governmental Activities Capital Assets, Net	<u>\$ 53,334,381</u>	<u>\$ 34,094,809</u>	<u>\$ (33,755,127)</u>	<u>\$ 53,674,063</u>
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 509,645	\$ 2,722	-	\$ 512,367
Total Capital Assets Being Depreciated	<u>509,645</u>	<u>2,722</u>	-	<u>512,367</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	<u>(276,235)</u>	<u>(17,787)</u>	-	<u>(294,022)</u>
Total Accumulated Depreciation	<u>(276,235)</u>	<u>(17,787)</u>	-	<u>(294,022)</u>
Business-Type Activities Capital Assets, Net	<u>\$ 233,410</u>	<u>\$ (15,065)</u>	<u>\$ -</u>	<u>\$ 218,345</u>

**RAHWAY SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continue)

Depreciation expense was charged to functions/programs of the District as follows:

Governmental Activities:

Instruction	
Regular	\$ 7,238
Total Instruction	<u>7,238</u>
Support Services	
Support Services - Students	4,315
General Administration	11,703
School Administration	961
Transportation	4,294
Operations and Maintenance of Plant	<u>15,597</u>
Total Support Services	<u>36,870</u>
Unallocated	<u>829,339</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 873,447</u>

Business-Type Activities:

Food Service Fund	\$ 17,787
Total Depreciation Expense-Business-Type Activities	<u>\$ 17,787</u>

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2015, is as follows:

Due to/from other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Projects Fund	\$ 4,989,676
Payroll Agency Fund	General Fund	1,269,910
Unemployment Compensation Trust Fund	Payroll Agency Fund	1,666
Food Service Fund	Special Revenue Fund	228,536
General Fund	Special Revenue Fund	216,955
General Fund	Food Service Fund	<u>23,079</u>
Total		<u>\$ 6,729,822</u>

The above balances are the result of revenues earned or other financing sources received in one fund which are due to another fund and/or expenditures paid by one fund on behalf of another fund and/or to cover cash balances which were in an overdraft position.

The District expects all interfund balances to be liquidated within one year.

**RAHWAY SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables, Payables, and Transfers (Continued)

Interfund transfers

	<u>Transfer In:</u>		
	Capital		
	<u>General Fund</u>	<u>Projects Fund</u>	<u>Total</u>
<u>Transfer Out:</u>			
<u>General Fund</u>		\$ 462,238	\$ 462,238
<u>Capital Projects Fund</u>	\$ 43,634	-	43,634
	<u>\$ 43,634</u>	<u>\$ 462,238</u>	<u>\$ 505,872</u>

The above transfers are the result of revenues earned and/or other financing sources received in one fund to finance expenditures in another fund.

F. Leases

Capital Leases

The District is leasing computer equipment and supplies and various acquisitions and improvements totaling \$2,017,489 under capital leases. The leases are for terms of 3 to 5 years.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2015 were as follows:

<u>Fiscal Year Ending June 30</u>	<u>Governmental Activities</u>
2016	\$ 571,725
2017	336,485
2018	336,485
2019	<u>-</u>
Total minimum lease payments	1,244,695
Less: amount representing interest	<u>(68,146)</u>
Present value of minimum lease payments	<u>\$ 1,176,549</u>

**RAHWAY SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases (Continued)

Lease Purchase Agreements

The District has entered into lease purchase agreements and issued certificates of participation (“COPS”) for additions and renovations to school facilities:

In January 2007, the District issued \$6,050,000 in School District Private Placement Refunding Certificates of Participation having an interest rate of 3.97%. These certificates were issued in order to advance refund \$5,485,000 of its \$9,130,000 original issue lease.

The maturity schedule of the remaining lease payments for principal and interest is as follows:

Governmental Activities:

Fiscal Year Ending June 30,	<u>Certificates of Participation</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2016	\$ 595,000	\$ 128,033	\$ 723,033
2017	620,000	104,411	724,411
2018	645,000	79,797	724,797
2019	670,000	54,191	724,191
2020	695,000	27,592	722,592
	<u>\$ 3,225,000</u>	<u>\$ 394,024</u>	<u>\$ 3,619,024</u>

G. Long-Term Debt

General Obligation Bonds

The Board issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities and other capital assets. The full faith and credit of the Board are irrevocably pledged for the payment of the principal of the bonds and the interest thereon.

Bonds payable at June 30, 2015 are comprised of the following issues:

\$3,025,000, 2003 Taxable Refunding Bonds, due in annual installments of \$205,000 to \$255,000 through April 1, 2020, interest at 5.29% to 5.93%	\$ 1,155,000
\$22,800,000, 2010 School Bonds, due in annual installments of \$850,000 to \$1,450,000 through February 15, 2030, interest at 3.00% to 4.00%	<u>18,925,000</u>
	<u>\$20,080,000</u>

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (Continued)

The Board's schedule of principal and interest for long-term debt issued and outstanding is as follows:

Governmental Activities:

Fiscal Year Ending <u>June 30,</u>	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2016	\$ 1,055,000	\$ 796,675	\$ 1,851,675
2017	1,095,000	758,205	1,853,205
2018	1,130,000	715,942	1,845,942
2019	1,170,000	672,275	1,842,275
2020	1,205,000	625,372	1,830,372
2021-2025	7,175,000	2,316,000	9,491,000
2026-2030	<u>7,250,000</u>	<u>870,000</u>	<u>8,120,000</u>
	<u>\$ 20,080,000</u>	<u>\$ 6,754,469</u>	<u>\$ 26,834,469</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2015 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 107,165,113
Less: Net Debt Issued	<u>20,080,000</u>
Remaining Borrowing Power	<u>\$ 87,085,113</u>

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

H. Other Long-Term Liabilities (Continued)

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2015, was as follows:

	Balance July 1, 2014 (Restated)	<u>Increased</u>	<u>Retired</u>	Balance June 30, 2015	Due Within One Year
Governmental Activities:					
Capital Leases	\$ 829,477	\$ 898,673	\$ (551,601)	\$ 1,176,549	\$ 534,163
Obligations Under Lease Purchase	3,795,000		(570,000)	3,225,000	595,000
Bonds Payable	21,100,000		(1,020,000)	20,080,000	1,055,000
Net Pension Liability	13,339,666		(553,658)	12,786,008	589,460
Compensated Absences Payable	2,300,022	-	(76,628)	2,223,394	604,290
Long-Term Liabilities	<u>\$ 41,364,165</u>	<u>\$ 898,673</u>	<u>\$ (2,771,887)</u>	<u>\$ 39,490,951</u>	<u>\$ 3,377,913</u>

For the governmental activities, the liabilities for compensated absences, lease purchase and net pension liability are generally liquidated by the general fund.

NOTE 5 OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to property, general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; student accident; termination of employees and natural disasters. The Board has obtained commercial insurance coverage to guard against these events to minimize the exposure to the District should they occur. A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report.

The District is a member of the New Jersey School Boards Association Insurance Group (NJSBAIG). The Group is a risk sharing public entity pool, established for the purpose of insuring against worker's compensation claims.

The relationship between the Board and the insurance fund is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Board is contractually obligated to make all annual and supplementary contributions to the fund, to report claims on a timely basis, cooperate with the management of the fund, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the fund. Members have a contractual obligation to fund any deficit of the fund attributable to a membership year during which they were a member.

NJSBAIG provides its members with risk management services, including the defense of and settlement of claims and to establish reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the insurance fund is on file with the School's Business Administrator.

**RAHWAY SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 5 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverage's in any of the prior three years.

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's fiduciary trust fund for the current and previous two years:

Fiscal Year Ended June 30,	District Contributions	Employee Contributions	Amount Reimbursed	Ending Balance
2015		\$ 54,198	\$ 39,398	\$ 283,307
2014	\$ 167,000	52,876	42,001	268,047
2013	100,000	51,765	66,660	90,011

B. Contingent Liabilities

The District is a party defendant in some lawsuits, none of a kind unusual for a school district of its size and scope of operation. In the opinion of the Board's Attorney the potential claims against the District not covered by insurance policies would not materially affect the financial condition of the District.

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2015, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

C. Federal Arbitrage Regulations

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2015, The District has not estimated its arbitrage earnings due to the IRS, if any.

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all eligible Board employees:

Public Employees' Retirement System (PERS) – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement health care, to substantially all full time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for post-retirement health care coverage. PERS is a cost sharing multi-employer defined benefit pension plan.

Teachers' Pension and Annuity Fund (TPAF) – Established in January 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time certified teachers or professional staff of the public school systems in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for post-retirement health care coverage. TPAF is a cost sharing plan with special funding situations.

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those Board employees who are eligible for pension coverage.

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected, certain appointed officials, and certain Board employees not eligible for enrollment in PERS or TPAF. Effective July 1, 2007 membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

Other Pension Funds

The State established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local government employers do not appropriate funds to SACT.

The cost of living increase for PERS and TPAF, are funded directly by each of the respective systems but are currently suspended as a result of reform legislation.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Basis of Accounting

The financial statements of the retirement systems are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the retirement systems. Benefits or refunds are recognized when due and payable in accordance with the terms of the retirement systems.

Investment Valuation

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund. The financial reports may be obtained in writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290 or at www.state.nj/treasury/doinvest.

Funding Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 62.8 percent with an unfunded actuarial accrued liability of \$51.0 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 54.2 percent and \$37.3 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and Police and Firemen's Retirement System ("PFRS") is 75.4 percent and \$13.7 billion, respectively.

The funded status and funding progress of the retirement systems is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the retirement systems in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at that point in time. The projection of benefits for financing reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the July 1, 2013 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (a) an investment rate of return for the retirement systems of 7.90 percent and (b) projected salary increases of 4.24 percent for the PERS and 3.33 percent for TPAF.

**RAHWAY SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 6.9% for PERS, 6.9% for TPAF and 5.50% for DCRP of the employee’s annual compensation.

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 *Accounting for Pensions by State and Local Government Employees*, for the fiscal year ended June 30, 2015 for TPAF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the fiscal years ended June 30, 2015, 2014 and 2013 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended June 30,	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2015	\$ 562,984	\$ 1,525,054	\$ 35,436
2014	522,017	1,158,837	18,491
2013	557,829	1,731,037	22,119

For fiscal years 2014/2015 and 2012/2013, the state contributed \$1,525,054 and \$1,731,037, respectively for normal cost pension, accrued liability and the NCGI premium. For fiscal year 2013/2014 the State did not contribute to the TPAF for accrued liability but did contribute \$1,158,837 for normal cost pension and NCGI premium.

The PERS contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure. The on-behalf TPAF contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 24. The DCRP contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure, as well as, the district-wide financial statements (accrual basis) as an expense.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$2,073,851 during the fiscal year ended June 30, 2015 for the employer’s share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 24.

**RAHWAY SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Public Employees Retirement System (PERS)

At June 30, 2015, the District reported in the statement of net position (accrual basis) a liability of \$12,786,008 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2014, the District's proportionate share was 0.06829 percent, which was a decrease of 0.0015 percent from its proportionate share measured as of June 30, 2013.

For the fiscal year ended June 30, 2015, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$612,381 for PERS. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of Assumptions	\$ 402,061	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		\$ 761,977
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>-</u>	<u>243,139</u>
Total	<u>\$ 402,061</u>	<u>\$ 1,005,116</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

Fiscal Year Ending <u>June 30,</u>	<u>Total</u>
2016	\$ (161,281)
2017	(161,281)
2018	(161,281)
2019	(161,281)
2020	29,214
Thereafter	<u>12,855</u>
	<u>\$ (603,055)</u>

**RAHWAY SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>PERS</u>
Inflation Rate	3.01%
Salary Increases:	
2012-2021	2.15-4.40%
	Based on Age
Thereafter	3.15-5.40%
	Based on Age
Investment Rate of Return	7.90%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	July 1, 2008 -
Study Upon Which Actuarial Assumptions were Based	June 30, 2011

Assumptions for mortality improvements are based on Society of Actuaries Scale AA.

**RAHWAY SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate-Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%
Broad US Equities	25.90%	8.22%
Developed Foreign Equities	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds/Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%

Discount Rate

The discount rate used to measure the total pension liabilities of the PERS plan was as follows:

<u>Plan</u>	<u>Discount Rate</u>
PERS	5.39%

**RAHWAY SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 5 OTHER INFORMATION (Continued)

F. Employee Retirement Systems and Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Teachers Pension and Annuity Fund (TPAF)

In accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the District is not required to recognize a net pension liability for TPAF. The State of New Jersey is the only entity that has a legal obligation to make employer contributions to TPAF on behalf of the District. Accordingly, the District's proportionate share percentage determined under Statement No. 68 is zero percent and the State's proportionate share is 100% for TPAF. Therefore, in addition, the District does not recognize any portion of the TPAF collective deferred outflows of resources and deferred inflows of resources.

For the fiscal year ended June 30, 2015, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$7,878,056 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 24.

At June 30, 2015 the State's proportionate share of the net pension liability attributable to the District is \$146,406,723. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer towards the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the year ended June 30, 2014.

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

TPAF

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.90%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	July 1, 2009 - June 30, 2012
Study Upon Which Actuarial Assumptions were Based	

Assumptions for mortality improvements are based on Society of Actuaries Scale AA.

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Teachers Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.50%
Core Fixed Income	0.00%	2.19%
Core Bonds	1.00%	1.38%
Short-Term Bonds	0.00%	1.00%
Intermediate-Term Bonds	11.20%	2.60%
Long-Term Bonds	0.00%	3.23%
Mortgages	2.50%	2.84%
High Yield Bonds	5.50%	4.15%
Non-US Fixed Income	0.00%	1.41%
Inflation-Indexed Bonds	2.50%	1.30%
Broad US Equities	25.90%	5.88%
Large Cap US Equities	0.00%	5.62%
Mid Cap US Equities	0.00%	6.39%
Small Cap US Equities	0.00%	7.39%
Developed Foreign Equities	12.70%	6.05%
Emerging Market Equities	6.50%	8.90%
Private Equity	8.25%	9.15%
Hedge Funds/Absolute Return	12.25%	3.85%
Real Estate (Property)	3.20%	4.43%
Real Estate (REITS)	0.00%	5.58%
Commodities	2.50%	3.60%
Long Credit Bonds	0.00%	3.74%

**RAHWAY SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Teachers Pension and Annuity Fund (TPAF) (Continued)

Discount Rate

The discount rate used to measure the total pension liabilities of the TPAF plan was as follows:

<u>Plan</u>	<u>Discount Rate</u>
TPAF	4.68%

The following table represents the crossover period, if applicable, for the TPAF defined benefit plan:

TPAF

Period of Projected Benefit	
Payments for which the Following	
Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2027
Municipal Bond Rate *	From July 1, 2027 and Thereafter

* The municipal bond return rate used is 4.29%. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the State's proportionate share of the TPAF net pension liability attributable to the District calculated using the discount rate of 4.68%, as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (3.68 percent) or 1-percentage-point higher (5.68 percent) than the current rate:

	1% Decrease <u>(3.68%)</u>	Current Discount Rate <u>(4.68%)</u>	1% Increase <u>(5.68%)</u>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 176,089,222</u>	<u>\$ 146,406,723</u>	<u>\$ 121,719,621</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2014. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2014 was not provided by the pension system.

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Teachers Pension and Annuity Fund (TPAF) (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the TPAF pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

E. Post-Retirement Medical Benefits

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for school districts. The Plans are classified as either single employer plans or cost sharing multiple employer defined benefit plans depending on the plan the eligible employee is covered under.

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans (OPEB)*, effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF-Local are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 590 state and local participating employers and contributing entities for Fiscal Year 2014.

The State of New Jersey sponsors and administers the following health benefit programs covering certain state and local government employees, including those Board employees and retirees eligible for coverage.

Health Benefits Program Fund (HBPF) – Local Education (including Prescription Drug Program Fund) – The State of New Jersey provides paid coverage to members of the Teachers' Pension and Annuity Fund who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of P.L. 1992, c.126, the State also provides paid coverage to members of the Public Employees' Retirement System and Alternate Benefits Program who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for state paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare parts A and B by paying the cost of the insurance for themselves and their covered dependents. Also, education employees are eligible for the PDP coverage after 60 days of employment.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the above Fund. The financial reports may be accessed via the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Basis of Accounting

The financial statements of the health benefit programs are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the health benefit programs. Benefits or refunds are recognized when due and payable in accordance with the terms of the health benefit programs.

Significant Legislation

P.L. 2011, c.78, effective October 2011, sets new employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to this new legislation's effective date with a minimum contribution required to be at least 1.5% of salary.

Investment Valuation

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair values.

Funded Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, the State had a \$53.0 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$19.7 billion for state active and retired members and \$33.3 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

The funded status and funding progress of the OPEB includes actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the OPEB in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at the point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the July 1, 2013, OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

**RAHWAY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Post-Retirement Medical Benefits Contributions

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2014, there were 103,432, retirees receiving post-retirement medical benefits and the State contributed \$1.04 billion on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in Fiscal Year 2014.

The State sets the contribution rate based on a pay as you go basis and not on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2015, 2014 and 2013 were \$2,421,023, \$1,900,057 and \$1,957,366, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

NOTE 6 RESTATEMENT

On July 1, 2014, the Rahway School District implemented GASB Statement No. 68, "Accounting and Financial Reporting for Pensions. The Rahway School District has determined that the effect of implementing this accounting change on the financial statements previously reported as of and for the fiscal year ended June 30, 2014 was to recognize the District's proportionate share of the Public Employees' Retirement System's (PERS) net pension liability, deferred outflows of resources and deferred inflows of resources with a corresponding reduction in the unrestricted component of net position in the amount of \$13,339,666. The result of this restatement is to reduce total net position of Governmental Activities at June 30, 2014 from \$28,815,966 as originally reported to \$15,476,300 as adjusted for the effects of the change in accounting principle.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

**RAHWAY SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

EXHIBIT C-1

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
REVENUES					
Local Sources					
Property Taxes	\$ 39,216,163		\$ 39,216,163	\$ 39,216,163	
Tuition from Other LEA's within the State	29,839		29,839	201,027	\$ 171,188
Tuition - Other				35,105	35,105
Interest Earned in Capital Reserve Fund	100		100	100	
Interest Earned in Maintenance Reserve Fund	100		100	100	
Unrestricted Miscellaneous Revenues	270,400	-	270,400	285,974	15,574
Total Local Sources	<u>39,516,602</u>	<u>-</u>	<u>39,516,602</u>	<u>39,738,469</u>	<u>221,867</u>
State Sources					
Special Education Aid	2,230,002		2,230,002	2,230,002	
Equalization Aid	17,507,406		17,507,406	17,507,406	
Security Aid	443,128		443,128	443,128	
Transportation Aid	181,590		181,590	181,590	
Under Adequacy Aid	86,609		86,609	86,609	
PARCC Readiness Aid	36,460		36,460	36,460	
Per Pupil Growth Aid	36,460		36,460	36,460	
Extraordinary Aid	300,345		300,345	401,057	100,712
Nonpublic Transportation Aid				27,060	27,060
On Behalf TPAF Contributions (Non-Budgeted)					
Pension				1,422,697	1,422,697
NCGI Premium				102,357	102,357
Post-Retirement Medical				2,421,023	2,421,023
Reimbursed Social Security	-	-	-	2,073,851	2,073,851
Total State Sources	<u>20,822,000</u>	<u>-</u>	<u>20,822,000</u>	<u>26,969,700</u>	<u>6,147,700</u>
Federal Sources					
SEMI/ARRA				80,771	80,771
Medicaid Reimbursements	71,792	-	71,792	158,307	86,515
Total Federal Sources	<u>71,792</u>	<u>-</u>	<u>71,792</u>	<u>239,078</u>	<u>167,286</u>
Total Revenues	<u>60,410,394</u>	<u>-</u>	<u>60,410,394</u>	<u>66,947,247</u>	<u>6,536,853</u>
EXPENDITURES					
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Kindergarten	943,991		943,991	834,578	109,413
Grades 1-5	5,536,934	\$ 21,343	5,558,277	5,557,249	1,028
Grades 6-8	3,362,210	86,276	3,448,486	3,447,633	853
Grades 9-12	5,367,287	(264,925)	5,102,362	5,040,432	61,930
Regular Programs - Home Instruction					
Salaries of Teachers	30,000	21,675	51,675	51,159	516
Purchased Professional-Educational Services	45,126	(16,000)	29,126	19,696	9,430
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	412,836	(5,940)	406,896	396,159	10,737
Other Purchased Services	347,470		347,470	338,616	8,854
General Supplies	578,300	2,151	580,451	502,218	78,233
Textbooks	179,917	(25,015)	154,902	149,653	5,249
Other Objects	107,213	(650)	106,563	96,500	10,063
Assets Acquired Under Capital Lease (Non-Budgeted)	-	-	-	898,673	(898,673)
Total Regular Programs	<u>16,911,284</u>	<u>(181,085)</u>	<u>16,730,199</u>	<u>17,332,566</u>	<u>(602,367)</u>

**RAHWAY SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

EXHIBIT C-1

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Instruction - Special Education					
Learning /Language Disabilities					
Salaries of Teachers	\$ 228,695	\$ 126,032	\$ 354,727	\$ 354,727	
Other Salaries for Instruction	52,776	20,311	73,087	72,986	\$ 101
General Supplies	6,460	(3,500)	2,960	2,322	638
Total Learning /Language Disabilities	287,931	142,843	430,774	430,035	739
Behavioral Disabilities					
Salaries of Teachers	390,207		390,207	336,385	53,822
Other Salaries for Instruction	110,802	(7,906)	102,896	102,826	70
General Supplies	6,859	(1,350)	5,509	5,504	5
Other Objects	108	650	758	363	395
Total Behavioral Disabilities	507,976	(8,606)	499,370	445,078	54,292
Multiple Disabilities					
Salaries of Teachers	287,871	3,040	290,911	290,910	1
Other Salaries for Instruction	161,916	16,563	178,479	178,378	101
General Supplies	3,174	50	3,224	3,224	
Other Objects	313	250	563	563	-
Total Multiple Disabilities	453,274	19,903	473,177	473,075	102
Resource Room/Resource Center					
Salaries of Teachers	3,270,841	(191,698)	3,079,143	2,916,212	162,931
Other Salaries for Instruction	356,968	(21,013)	335,955	328,575	7,380
General Supplies	24,235	(12,000)	12,235	12,089	146
Textbooks	8,550	(6,936)	1,614	1,327	287
Total Resource Room/Resource Center	3,660,594	(231,647)	3,428,947	3,258,203	170,744
Autism					
Salaries of Teachers	69,952		69,952	64,609	5,343
Other Salaries for Instruction	29,654	15,387	45,041	42,041	3,000
General Supplies	1,000	50	1,050	1,050	
Miscellaneous Expenditures	-	200	200	200	-
Total Autism	100,606	15,637	116,243	107,900	8,343
Preschool Disabilities - Part - Time					
Salaries of Teachers	183,005		183,005	182,984	21
Other Salaries for Instruction	75,992		75,992	61,018	14,974
General Supplies	2,815	319	3,134	3,081	53
Other Objects	-	125	125	125	-
Total Preschool Disabilities - Part - Time	261,812	444	262,256	247,208	15,048
Preschool Disabilities - Full - Time					
Salaries of Teachers	134,468	22,983	157,451	157,451	
Other Salaries for Instruction	57,195	13,669	70,864	31,872	38,992
Total Preschool Disabilities - Full - Time	191,663	36,652	228,315	189,323	38,992

RAHWAY SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

EXHIBIT C-1

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Home Instruction					
Salaries of Teachers	\$ 80,000	\$ 6,200	\$ 86,200	\$ 83,823	\$ 2,377
Purchased Professional-Educational Services	20,000	16,000	36,000	29,450	6,550
Total Home Instruction	100,000	22,200	122,200	113,273	8,927
Total Special Education	5,563,856	(2,574)	5,561,282	5,264,095	297,187
Basic Skills/Remedial					
Salaries of Teachers	1,360,705	(5,182)	1,355,523	1,271,539	83,984
General Supplies	2,500	-	2,500	2,310	190
Total Basic Skills/Remedial	1,363,205	(5,182)	1,358,023	1,273,849	84,174
Bilingual Education					
Salaries of Teachers	648,722	32,138	680,860	676,077	4,783
Other Salaries for Instruction	90,455	1,795	92,250	90,576	1,674
General Supplies	11,000	(791)	10,209	7,232	2,977
Textbooks	2,000	-	2,000	82	1,918
Total Bilingual Education	752,177	33,142	785,319	773,967	11,352
School Sponsored Co/Extra Curricular Activities					
Salaries	227,599	-	227,599	198,525	29,074
Purchased Services	69,091	3,935	73,026	60,798	12,228
Supplies and Materials	42,800	1,000	43,800	38,909	4,891
Other Objects	13,170	-	13,170	9,410	3,760
Transfers to Cover Deficit (Agency Funds)	28,000	(4,790)	23,210	22,504	706
Total School Sponsored Co/Extra Curricular Activities	380,660	145	380,805	330,146	50,659
School Sponsored Athletics - Instruction					
Salaries	388,658	4,216	392,874	392,873	1
Purchased Services	115,213	(49,273)	65,940	64,578	1,362
Supplies and Materials	121,500	47,086	168,586	168,116	470
Other Objects	26,000	17,971	43,971	43,970	1
Total School Sponsored Athletics - Instruction	651,371	20,000	671,371	669,537	1,834
Before/After School Programs - Instruction					
Salaries of Teacher Tutors	90,569	-	90,569	58,212	32,357
Total Before/After School Programs - Instruction	90,569	-	90,569	58,212	32,357
Summer School - Instruction					
Salaries of Teachers	23,080	1,302	24,382	19,362	5,020
General Supplies	2,000	(672)	1,328	1,328	-
Total Summer School - Support Services	25,080	630	25,710	20,690	5,020

RAHWAY SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

EXHIBIT C-1

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Instructional Alternative Ed Program - Instruction					
Salaries of Teachers	\$ 586,481	\$ 64,938	\$ 651,419	\$ 595,817	\$ 55,602
General Supplies	5,000		5,000	2,845	2,155
Textbooks	7,000	-	7,000	4,377	2,623
Total Instructional Alternative Ed Program - Instruction	598,481	64,938	663,419	603,039	60,380
Instructional Alternative Ed Program - Support Svcs.					
Salaries	361,259		361,259	361,206	53
Purchased Services	2,196		2,196	2,196	
Supplies and Materials	2,500		2,500	1,666	834
Other Objects	1,000	-	1,000	-	1,000
Total Instructional Alternative Ed Program-Support Svcs.	366,955	-	366,955	365,068	1,887
Total Alternative Education Programs	965,436	64,938	1,030,374	968,107	62,267
Other Supplemental/At-Risk Programs - Instruction					
Salaries of Teachers	120,587	6,250	126,837	126,837	-
Total Other Suppl/At-Risk Programs - Instruction	120,587	6,250	126,837	126,837	-
Other Supplemental/At-Risk Programs - Support Services					
Salaries	69,995	-	69,995	67,892	2,103
Total Other Suppl/At-Risk Programs - Support Services	69,995	-	69,995	67,892	2,103
Total Other Suppl./At-Risk Programs	190,582	6,250	196,832	194,729	2,103
Total - Instruction	26,894,220	(63,736)	26,830,484	26,885,898	(55,414)
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within State-Special	1,405,949	(12,647)	1,393,302	1,387,809	5,493
Tuition to County Voc. School- Regular	591,000	88,000	679,000	671,950	7,050
Tuition to County Voc. School- Special	146,000	(54,000)	92,000	88,400	3,600
Tuition to CSSD & Regional Day Schools	85,488	(82,807)	2,681	2,681	
Tuition to Private School for Disabled W/I	2,666,394	68,000	2,734,394	2,726,720	7,674
Tuition - State Facilities	195,843	(17,699)	178,144	178,144	
Tuition - Other	123,416	(24,115)	99,301	95,476	3,825
Total Undistributed Expenditures - Instruction	5,214,090	(35,268)	5,178,822	5,151,180	27,642
Attendance and Social Work					
Salaries	313,371	933	314,304	314,303	1
Other Purchased Services	500		500		500
Supplies and Materials	2,480	(933)	1,547	1,132	415
Total Attendance and Social Work	316,351	-	316,351	315,435	916

**RAHWAY SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

EXHIBIT C-1

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Health Services					
Salaries	\$ 474,819	\$ 12,805	\$ 487,624	\$ 458,648	\$ 28,976
Purchased Professional and Technical Services	52,593	15,650	68,243	67,417	826
Other Purchased Services	2,603	4,596	7,199	6,948	251
Supplies and Materials	11,525	(2,050)	9,475	9,396	79
Other Objects	792	-	792	734	58
Total Health Services	<u>542,332</u>	<u>31,001</u>	<u>573,333</u>	<u>543,143</u>	<u>30,190</u>
Speech, OT, PT & Related Services					
Salaries	439,005	(15,000)	424,005	422,359	1,646
Purchased Professional - Educational Services	397,142	99,900	497,042	491,018	6,024
Supplies and Materials	1,900	-	1,900	1,758	142
Total Speech, OT, PT & Related Services	<u>838,047</u>	<u>84,900</u>	<u>922,947</u>	<u>915,135</u>	<u>7,812</u>
Other Support Services - Students - Extra Svc					
Salaries	297,442	51,099	348,541	347,474	1,067
Purchased Professional - Educational Services	589,690	(82,372)	507,318	388,995	118,323
Other Objects	1,537	-	1,537	1,150	387
Total Other Support Services - Students - Extra Svc.	<u>888,669</u>	<u>(31,273)</u>	<u>857,396</u>	<u>737,619</u>	<u>119,777</u>
Guidance					
Salaries of Other Professional Staff	550,291		550,291	549,993	298
Salaries of Secretarial and Clerical Assistants	109,299		109,299	107,541	1,758
Other Salaries	58,948	289	59,237	59,237	
Purchased Professional - Educational Services	32,523		32,523	32,523	
Other Purchased Professional and Technical Services	8,000		8,000	4,224	3,776
Supplies and Materials	42,825	(12,591)	30,234	14,725	15,509
Other Objects	400	-	400	320	80
Total Undistributed Expenditures - Guidance	<u>802,286</u>	<u>(12,302)</u>	<u>789,984</u>	<u>768,563</u>	<u>21,421</u>
Child Study Teams					
Salaries of Other Professional Staff	1,361,700	18,423	1,380,123	1,373,878	6,245
Salaries of Secretarial and Clerical Assistants	93,478	1,106	94,584	94,584	
Purchased Professional - Educational Services	109,109	(28,653)	80,456	72,251	8,205
Miscellaneous Purchased Services	12,440	6,804	19,244	16,867	2,377
Supplies and Materials	15,900	15,300	31,200	31,185	15
Total Undistributed Expenditures - Child Study Teams	<u>1,592,627</u>	<u>12,980</u>	<u>1,605,607</u>	<u>1,588,765</u>	<u>16,842</u>
Improvement of Instruction Services					
Salaries of Supervisors of Instruction	628,648	(29,182)	599,466	587,619	11,847
Salaries of Other Professional Staff	69,464		69,464	59,239	10,225
Salaries of Secretarial and Clerical Assistants	193,568		193,568	178,834	14,734
Salaries of Facilitators, Math & Literacy Coaches	220,428	(13,842)	206,586	201,423	5,163
Other Purchased Services	14,244		14,244	7,908	6,336
Supplies and Materials	21,100		21,100	15,849	5,251
Other Objects	8,350	2,500	10,850	3,602	7,248
Total Improvement of Instruction Services/ Other Support Services-Instructional Staff	<u>1,155,802</u>	<u>(40,524)</u>	<u>1,115,278</u>	<u>1,054,474</u>	<u>60,804</u>

**RAHWAY SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

EXHIBIT C-1

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Educational Media Services/School Library					
Salaries	\$ 395,008		\$ 395,008	\$ 395,008	
Supplies and Materials	54,850	\$ 900	55,750	46,984	\$ 8,766
Total Educational Media Services/School Library	<u>449,858</u>	<u>900</u>	<u>450,758</u>	<u>441,992</u>	<u>8,766</u>
Instructional Staff Training Serv.					
Salaries of Other Professional Staff		6,600	6,600	6,600	
Purchased Professional-Educational Services	23,000	(2,100)	20,900	4,055	16,845
Other Purchased Services	30,000	(2,851)	27,149	22,084	5,065
Other Objects	6,000	4,000	10,000	8,854	1,146
Total Instructional Staff Training Serv.	<u>59,000</u>	<u>5,649</u>	<u>64,649</u>	<u>41,593</u>	<u>23,056</u>
Support Services General Administration					
Salaries	377,582		377,582	357,035	20,547
Legal Services	100,000		100,000	61,863	38,137
Audit Fees	35,128		35,128	35,128	
Other Purchased Professional Services	14,400	1,300	15,700	13,568	2,132
Purchased Technical Services	18,940		18,940	12,415	6,525
Communications/Telephone	160,792		160,792	112,703	48,089
BOE Other Purchased Services	7,100		7,100	1,605	5,495
Miscellaneous Purchased Services	259,742		259,742	249,710	10,032
General Supplies	8,200		8,200	7,383	817
BOE In-House Training/Meeting Supplies	1,300		1,300	297	1,003
Miscellaneous Expenditures	13,200		13,200	10,975	2,225
BOE Member Dues & Fees	26,000	-	26,000	24,357	1,643
Total Support Services General Administration	<u>1,022,384</u>	<u>1,300</u>	<u>1,023,684</u>	<u>887,039</u>	<u>136,645</u>
Support Services School Administration					
Salaries of Principals/Asst. Principals/Program Dir.	1,522,478	1,154	1,523,632	1,523,632	
Salaries of Secretarial and Clerical Assistants	540,985	8,937	549,922	549,921	1
Other Purchased Services	168,173	(6,189)	161,984	144,419	17,565
Supplies and Materials	54,775	7,034	61,809	60,551	1,258
Other Objects	48,260	(5,178)	43,082	30,182	12,900
Total Support Services School Administration	<u>2,334,671</u>	<u>5,758</u>	<u>2,340,429</u>	<u>2,308,705</u>	<u>31,724</u>
Central Services					
Salaries	355,622	5,091	360,713	354,690	6,023
Purchased Technical Services	71,000	15,275	86,275	81,577	4,698
Miscellaneous Purchased Services	40,678	4,128	44,806	33,066	11,740
Supplies and Materials	20,550	(1,275)	19,275	13,064	6,211
Miscellaneous Expenditures	22,000	-	22,000	8,936	13,064
Total Central Services	<u>509,850</u>	<u>23,219</u>	<u>533,069</u>	<u>491,333</u>	<u>41,736</u>
Admin. Info. Technology					
Salaries	370,719		370,719	369,315	1,404
Supplies and Materials	2,500		2,500	1,122	1,378
Other Objects	2,000	-	2,000	1,804	196
Total Admin. Info. Technology	<u>375,219</u>	<u>-</u>	<u>375,219</u>	<u>372,241</u>	<u>2,978</u>

**RAHWAY SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

EXHIBIT C-1

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Required Maintenance for School Facilities					
Salaries	\$ 309,205	\$ (2,000)	\$ 307,205	\$ 304,844	\$ 2,361
Cleaning, Repair and Maintenance Services	203,000	229,731	432,731	429,600	3,131
General Supplies	111,300	81,155	192,455	190,499	1,956
Other Objects	2,000	-	2,000	-	2,000
Total Required Maint. for School Facilities	<u>625,505</u>	<u>308,886</u>	<u>934,391</u>	<u>924,943</u>	<u>9,448</u>
Custodial Services					
Salaries	1,813,731	641	1,814,372	1,779,224	35,148
Purchased Professional and Technical Services	19,000		19,000	12,750	6,250
Cleaning, Repair and Maintenance Services	207,618		207,618	174,934	32,684
Rental of Land & Bldg. Other Than Lease Purchase Agreement	113,975		113,975	110,101	3,874
Other Purchased Property Services	112,245	(11,500)	100,745	75,903	24,842
Insurance	122,933	3,588	126,521	126,521	
General Supplies	188,000	42,000	230,000	226,275	3,725
Energy (Natural Gas)	751,645	(318,060)	433,585	347,496	86,089
Energy (Electricity)	443,000	131,700	574,700	574,677	23
Other Operation and Maint. Of Plant	<u>3,772,147</u>	<u>(151,631)</u>	<u>3,620,516</u>	<u>3,427,881</u>	<u>192,635</u>
Care & Upkeep of Grounds					
Cleaning, Repair and Maintenance Services	48,000		48,000	41,242	6,758
General Supplies	50,000	-	50,000	47,038	2,962
Total Care & Upkeep of Grounds	<u>98,000</u>	<u>-</u>	<u>98,000</u>	<u>88,280</u>	<u>9,720</u>
Security					
Salaries	417,022	11,490	428,512	421,493	7,019
Purchased Professional and Technical Services	18,000	(1,134)	16,866	840	16,026
Cleaning, Repair and Maintenance Services	1,700		1,700	700	1,000
Supplies and Materials	-	1,134	1,134	1,134	-
Total Security	<u>436,722</u>	<u>11,490</u>	<u>448,212</u>	<u>424,167</u>	<u>24,045</u>
Total Undist. Expend.-Oper & Main of Plant Serv.	<u>4,932,374</u>	<u>168,745</u>	<u>5,101,119</u>	<u>4,865,271</u>	<u>235,848</u>
Student Transportation Services					
Salaries for Pupil Transportation (Between Home and School) - Special Ed.	30,338	6,000	36,338	31,909	4,429
Salaries for Pupil Transportation (Other Than Between Home and School)	12,000	7,130	19,130	18,388	742
Cleaning, Repair and Maintenance Services	15,000	(3,000)	12,000	1,440	10,560
Rental Payments - School Buses	2,000		2,000	2,000	2,000
Lease Purchase Payments - School Buses	17,000		17,000	17,000	
Contracted Services - Aid in Lieu of Payments - Nonpublic Schools	137,020	(17,202)	119,818	106,880	12,938
Contracted Services - Aid in Lieu of Payments - Charter Schools		7,072	7,072	7,072	
Contracted Services (Between Home and School) - Vendors	382,894	131,071	513,965	512,162	1,803
Contracted Services (Other than Between Home and School) - Vendors	154,760	(12,645)	142,115	104,493	37,622
Contracted Services - (Spec. Ed. Students) - Vendors	529,947		529,947	519,012	10,935
Contracted Services (Regular Students) - ECSs & CTSA's	224,483	(131,071)	93,412	83,770	9,642
Contracted Services (Spd. Ed. Students) - ECSs & CTSA's	1,584,964		1,584,964	1,529,337	55,627
Misc. Purchased Services- Transportation	10,000		10,000	7,750	2,250
General Supplies	12,000		12,000	3,859	8,141
Other Objects	8,000	-	8,000	496	7,504
Total Student Transportation Services	<u>3,120,406</u>	<u>(12,645)</u>	<u>3,107,761</u>	<u>2,943,568</u>	<u>164,193</u>

**RAHWAY SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

EXHIBIT C-1

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Unallocated Benefits - Employee Benefits					
Social Security Contribution	\$ 643,000	\$ 11,000	\$ 654,000	\$ 630,284	\$ 23,716
Other Retirement Contributions	649,042		649,042	598,420	50,622
Unemployment Compensation	50,000	(40,450)	9,550		9,550
Workmen's Compensation	360,404	(38,200)	322,204	322,085	119
Health Benefits	9,158,623	(139,814)	9,018,809	8,512,517	506,292
Tuition Reimbursement	132,000		132,000	95,468	36,532
Other Employee Benefits	485,090	167,165	652,255	645,498	6,757
Total Unallocated Benefits - Employee Benefits	<u>11,478,159</u>	<u>(40,299)</u>	<u>11,437,860</u>	<u>10,804,272</u>	<u>633,588</u>
On Behalf TPAF Contributions (Non-Budgeted)					
Pension				1,422,697	(1,422,697)
NCGI Premium				102,357	(102,357)
Post-Retirement Medical				2,421,023	(2,421,023)
Reimbursed Social Security	-	-	-	2,073,851	(2,073,851)
Total On-Behalf TPAF Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,019,928</u>	<u>(6,019,928)</u>
Total Undistributed Expenditures	<u>35,632,125</u>	<u>162,141</u>	<u>35,794,266</u>	<u>40,250,256</u>	<u>(4,455,990)</u>
Total Current Expenditures	<u>62,526,345</u>	<u>98,405</u>	<u>62,624,750</u>	<u>67,136,154</u>	<u>(4,511,404)</u>
CAPITAL OUTLAY					
Equipment:					
Instruction					
Regular Instruction		28,927	28,927	25,667	3,260
Undistributed Expenditures:					
Improvement of Instructional Services		3,000	3,000	3,000	
Admin. Info. Tech.		4,794	4,794	4,794	
Operations and Maintenance	-	21,079	21,079	21,079	-
Total Equipment	<u>-</u>	<u>57,800</u>	<u>57,800</u>	<u>54,540</u>	<u>3,260</u>
Facilities Acquisition and Construction Serv.					
Construction Services					-
Assessment for Debt Service on SDA Funding	38,595	-	38,595	38,595	-
Total Facilities Acquisition and Constr. Services	<u>38,595</u>	<u>-</u>	<u>38,595</u>	<u>38,595</u>	<u>-</u>
Assets Acquired Under Capital Lease (Non-Budget)	-	-	-	-	-
Total Capital Outlay	<u>38,595</u>	<u>57,800</u>	<u>96,395</u>	<u>93,135</u>	<u>3,260</u>
Transfer Funds to Charter School	54,056	34,110	88,166	88,166	-
Total Expenditures	<u>62,618,996</u>	<u>190,315</u>	<u>62,809,311</u>	<u>67,317,455</u>	<u>(4,508,144)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,208,602)</u>	<u>(190,315)</u>	<u>(2,398,917)</u>	<u>(370,208)</u>	<u>2,028,709</u>
Other Financing Sources (Uses)					
Operating Transfers In				43,634	43,634
Capital Reserve Transfer to Capital Projects		(292,238)	(292,238)	(292,238)	
Capital Outlay Transfer to Capital Projects	(170,000)		(170,000)	(170,000)	
Capital Lease Proceeds	-	-	-	898,673	898,673
Total Other Financing Sources (Uses)	<u>(170,000)</u>	<u>(292,238)</u>	<u>(462,238)</u>	<u>480,069</u>	<u>942,307</u>

RAHWAY SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

EXHIBIT C-1

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
Excess (Deficiency) of Revenues and Other Financing Sources Over/ (Under) Expenditures and Other Financing (Uses)	\$ (2,378,602)	\$ (482,553)	\$ (2,861,155)	\$ 109,861	\$ 2,971,016
Fund Balances, Beginning of Year	6,063,083	-	6,063,083	6,063,083	-
Fund Balances, End of Year	\$ 3,684,481	\$ (482,553)	\$ 3,201,928	\$ 6,172,944	\$ 2,971,016

Recapitulation of Fund Balance:

Restricted	
Capital Reserve	\$ 170,746
Maintenance Reserve	616,200
Excess Surplus, Designated for Subsequent Year's Expenditures	1,000,214
Excess Surplus	1,479,371
Assigned	
Year End Encumbrances	51,588
SEMI/ARRA - Designated for Subsequent Year's Expenditures	80,771
Designated for Subsequent Year's Expenditures	1,429,060
Unassigned	1,344,994
	6,172,944
Reconciliation to Governmental Funds Statements (GAAP):	
Less: State Aid Not Recognized on GAAP Basis (June 30, 2015)	(2,428,294)
Fund Balance Per Governmental Funds (GAAP)	\$ 3,744,650

**RAHWAY SCHOOL DISTRICT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget to Actual
REVENUES					
Local Sources		\$ 202,850	\$ 202,850	\$ 156,645	\$ (46,205)
State Sources	\$ 810,361	(952)	809,409	805,195	(4,214)
Federal Sources	1,395,338	439,243	1,834,581	1,778,052	(56,529)
Total Revenues	<u>2,205,699</u>	<u>641,141</u>	<u>2,846,840</u>	<u>2,739,892</u>	<u>(106,948)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	816,356	4,544	820,900	819,766	1,134
Other Salaries for Instruction	182,040	96,997	279,037	260,565	18,472
Purchased Professional-Educational Services	694	50,272	50,966	38,795	12,171
Other Purchased Services		7,710	7,710	7,420	290
Tuition	800,000	94,860	894,860	894,860	
General Supplies	6,000	92,785	98,785	82,537	16,248
Textbooks	3,620	(939)	2,681	1,298	1,383
Other Objects	-	2,000	2,000	2,000	-
Total Instruction	<u>1,808,710</u>	<u>348,229</u>	<u>2,156,939</u>	<u>2,107,241</u>	<u>49,698</u>
Support Services					
Salaries of Supervisors of Instruction	9,822	1,000	10,822	10,822	
Salaries of Program Directors	79,715		79,715	79,715	
Salaries of Other Professional Staff	77,304	(17,534)	59,770	54,510	5,260
Salaries of Secretarial and Clerical Asst.	37,398		37,398	37,398	
Other Salaries	-	-	-	-	-
Personal Services - Employee Benefits	186,334	23,553	209,887	206,908	2,979
Purchased Prof./Educ. Svcs.	1,320	170,591	171,911	143,917	27,994
Other Purchased Professional Services	5,096	(827)	4,269	4,269	-
Contracted Services - Transportation	-	19,660	19,660	17,425	2,235
Other Purchased Services	-	32,162	32,162	27,958	4,204
Supplies and Materials	-	48,817	48,817	46,468	2,349
Other Objects	-	15,490	15,490	3,261	12,229
Total Support Services	<u>396,989</u>	<u>292,912</u>	<u>689,901</u>	<u>632,651</u>	<u>57,250</u>
Total Expenditures	<u>2,205,699</u>	<u>641,141</u>	<u>2,846,840</u>	<u>2,739,892</u>	<u>106,948</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation to Governmental Funds Statements (GAAP):					
Less: State Aid Not Recognized on GAAP Basis (June 30, 2015)				\$ (8,931)	
Fund Balance (Deficit) Per Governmental Funds (GAAP)				<u>\$ (8,931)</u>	

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

**RAHWAY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described below. Encumbrance accounting is also employed as an extension of formal budgetary integration of the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the Special Revenue Fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The following presents a reconciliation of the General and Special Revenue Funds from the budgetary basis of accounting as presented in the Budgetary Comparison Schedule - General Fund and Special Revenue Fund to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds.

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources		
Actual amounts (budgetary basis) revenue from the budgetary comparison schedule	(C-1) \$ 66,947,247	(C-2) \$ 2,739,892
Difference - Budget to GAAP		
Encumbrances for good and services ordered but not received are reported in the year the order is placed for budgetary purposes but in the year the goods and services are received for financial reporting purposes.		
Prior Year Encumbrances		8,686
Current Year Encumbrances		(1,805)
State Aid payments recognized for GAAP Purposes not recognized for Budgetary statements. (June 30, 2014)	2,537,077	-
State Aid payments recognized for budgetary purposes not recognized for GAAP statements. (June 30, 2015)	<u>(2,428,294)</u>	<u>(8,931)</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	(B-2) \$ <u>67,056,030</u>	(B-2) \$ <u>2,737,842</u>
Uses/Outflows of Resources		
Actual amounts (budgetary basis) total expenditures from the budgetary comparison schedule	(C-1) \$ 67,317,455	(C-2) \$ 2,739,892
Encumbrances for good and services ordered but not received are reported in the year the order is placed for budgetary purposes but in the year the goods and services are received for financial reporting purposes.		
Prior Year Encumbrances		\$ 8,686
Current Year Encumbrances	<u>-</u>	<u>(1,805)</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	(B-2) \$ <u>67,317,455</u>	(B-2) \$ <u>2,746,773</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

**RAHWAY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

Public Employees Retirement System

Last Two Fiscal Years*

	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.06829%	0.06979%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 12,786,008	\$ 13,339,666
District's Covered-Employee Payroll	\$ 5,999,031	\$ 4,920,450
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	213.13%	271.11%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.08%	48.72%

* The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**RAHWAY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT CONTRIBUTIONS**

Public Employees Retirement System

Last Two Fiscal Years

	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 562,984	\$ 522,017
Contributions in Relation to the Contractually Required Contribution	<u>562,984</u>	<u>522,017</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 5,999,031	\$ 4,920,450
Contributions as a Percentage of Covered-Employee Payroll	9.38%	10.61%

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**RAHWAY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

Teachers Pension and Annuity Fund

Last Two Fiscal Years*

	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	\$0	\$0
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$ 146,406,723</u>	<u>\$ 135,393,508</u>
Total	<u>\$ 146,406,723</u>	<u>\$ 135,393,508</u>
District's Covered-Employee Payroll	\$ 32,555,698	\$ 29,449,382
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	33.64%	33.76%

* The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**RAHWAY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND SCHEDULE OF DISTRICT CONTRIBUTIONS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Change of Benefit Terms: None.

Change of Assumptions: The discount rate changed from the District's rate as of June 30, 2014 to the District's rate as of June 30, 2015, in accordance with GASB Statement No. 67.

SPECIAL REVENUE FUND

RAHWAY SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Exhibit E-1a Totals	IDEA			Title I	Title II-A	Title III	Grand Total
		Basic 2014-15	Preschool 2014-15	Race to the Top				
REVENUES								
Intergovernmental								
State	\$ 805,195							\$ 805,195
Federal	-	\$ 993,747	\$ 26,880	\$ 6,706	\$ 550,374	\$ 127,538	\$ 72,807	1,778,052
Local	156,645	-	-	-	-	-	-	156,645
Total Revenues	\$ 961,840	\$ 993,747	\$ 26,880	\$ 6,706	\$ 550,374	\$ 127,538	\$ 72,807	\$ 2,739,892
EXPENDITURES								
Instruction								
Salaries of Teachers	\$ 403,824				\$ 348,245	\$ 58,688	9,009	\$ 819,766
Other Salaries for Instruction	154,124				62,083		44,358	260,565
Purchased Prof. and Educational Services	16,750				22,045			38,795
Other Purchased Services	7,420							7,420
Tuition	-	\$ 867,980	\$ 26,880					894,860
General Supplies	50,714	17,560			-		14,263	82,537
Textbooks	1,298							1,298
Other Objects	2,000	-	-	-	-	-	-	2,000
Total Instruction	636,130	885,540	26,880	-	432,373	58,688	67,630	2,107,241
Support Services								
Salaries of Supervisors of Instruction	10,822							10,822
Salaries of Program Directors	79,715							79,715
Salaries of Other Prof. Staff	31,644				3,730	18,800	336	54,510
Salaries of Sec. & Clerical Asst.	37,398							37,398
Personal Svcs-Employee Benefits	88,753				95,579	18,532	4,044	206,908
Purchased Prof. Educ. Services	18,370	95,976		\$ 5,949	-	22,990	632	143,917
Other Purchased Prof. Services	4,269							4,269
Contracted Services- Transp.	1,900	1,485			14,040		-	17,425
Other Purchased Services	10,178	10,000			4,652	2,963	165	27,958
Supplies and Materials	39,400	746		757		5,565		46,468
Other Objects	3,261	-	-	-	-	-	-	3,261
Total Support Services	325,710	108,207	-	6,706	118,001	68,850	5,177	632,651
Total Expenditures	\$ 961,840	\$ 993,747	\$ 26,880	\$ 6,706	\$ 550,374	\$ 127,538	\$ 72,807	\$ 2,739,892

RAHWAY SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Preschool Education Aid	NJ Non-Public Aid				ILA Grant	Amistad Training	Merck	Other Local/ Private Grants	Totals Carried Forward
		Textbook	Nursing	Technology						
REVENUES										
Intergovernmental										
State	\$ 798,174	\$ 1,298	\$ 4,269	\$ 1,370	\$ 84					\$ 805,195
Federal										-
Local Sources	-	-	-	-	-	\$ 17,287	\$ 34,903	\$ 104,455		156,645
Total Revenues	\$ 798,174	\$ 1,298	\$ 4,269	\$ 1,370	\$ 84	\$ 17,287	\$ 34,903	\$ 104,455		\$ 961,840
EXPENDITURES										
Instruction										
Salaries of Teachers	\$ 392,501						\$ 11,323			\$ 403,824
Other Salaries for Instruction	154,124									154,124
Purchased Prof. and Educational Services								\$ 16,750		16,750
Other Purchased Services								7,420		7,420
General Supplies	6,000				\$ 84		15,159	29,471		50,714
Textbooks		\$ 1,298								1,298
Other Objects	-	-	-	-	-	-	-	2,000		2,000
Total Instruction	552,625	1,298	-	-	84	-	26,482	55,641		636,130
Support Services										
Salaries of Supervisors of Instruction	9,822							1,000		10,822
Salaries of Program Directors	79,715									79,715
Salaries of Other Prof. Staff	30,804							840		31,644
Salaries of Sec. & Clerical Asst.	37,398									37,398
Personal Svcs-Employee Benefits	87,810							943		88,753
Purchased Prof. Educ. Services				\$ 1,370		\$ 15,000		2,000		18,370
Other Purchased Prof. Services			\$ 4,269							4,269
Contracted Services- Transp.								750	1,150	1,900
Other Purchased Services									10,178	10,178
Supplies and Materials								2,754	36,646	39,400
Other Objects	-	-	-	-	-	2,287	974	-		3,261
Total Support Services	245,549	-	4,269	1,370	-	17,287	8,421	48,814		325,710
Total Expenditures	\$ 798,174	\$ 1,298	\$ 4,269	\$ 1,370	\$ 84	\$ 17,287	\$ 34,903	\$ 104,455		\$ 961,840

**RAHWAY SCHOOL DISTRICT
SPECIAL REVENUE FUND
STATEMENT OF PRESCHOOL EDUCATION AID EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

District-Wide Totals

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Modified Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
Instruction					
Salaries of Teachers	\$ 392,501		\$ 392,501	\$ 392,501	
Other Salaries for Instruction	164,863	\$ (10,739)	154,124	154,124	
General Supplies	6,000	-	6,000	6,000	-
Total Instruction	<u>563,364</u>	<u>(10,739)</u>	<u>552,625</u>	<u>552,625</u>	<u>-</u>
Support Services					
Salaries of Supervisors of Instruction	9,822		9,822	9,822	
Salaries of Program Directors	79,715		79,715	79,715	
Salaries of Other Professional Staff	30,804		30,804	30,804	
Salaries of Secretarial and Clerical Asst.	37,398		37,398	37,398	
Personal Services - Employee Benefits	78,163	10,739	88,902	87,810	\$ 1,092
Total Support Services	<u>235,902</u>	<u>10,739</u>	<u>246,641</u>	<u>245,549</u>	<u>1,092</u>
Total Expenditures	<u>\$ 799,266</u>	<u>\$ -</u>	<u>\$ 799,266</u>	<u>\$ 798,174</u>	<u>\$ 1,092</u>

Calculation of Budget & Carryover

Total Revised 2014-15 Preschool Education Aid Allocation	\$ 787,709
Actual Preschool Education Aid Carryover (June 30, 2014)	80,305
Cancelled Prior Year Accounts Payable	<u>-</u>
Total Preschool Education Aid Funds Available for 2014-15 Budget	868,014
Less: 2014-15 Budgeted Preschool Education Aid (Including Prior year budgeted carryover)	<u>799,266</u>
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2015	68,748
Add: June 30, 2015 Unexpended Preschool Education Aid	<u>1,092</u>
2014-15 Carryover- Preschool Education Aid	<u>\$ 69,840</u>
2014-15 Preschool Education Aid Carryover Budgeted for Preschool Programs in 2015-16	<u>\$ 2,197</u>

CAPITAL PROJECTS FUND

**RAHWAY SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Revenues and Other Financing Sources**State Sources**

SDA Grant	\$ 232,466
Local Sources	
On Behalf City Contribution	570,000
Transfer from Capital Reserve	462,238
Interest on Investments	<u>1,343</u>

Total Revenues and Other Financing Sources 1,266,047

Expenditures and Other Financing Uses

Purchased Professional and Technical Services	191,043
Construction Services	967,546
Cancellation of SDA Grant Receivables	38,572
Operating Transfers Out	<u>43,634</u>

Total Expenditures and Other Financing Uses 1,240,795

Excess (Deficiency) of Revenues and Other Financing Sources Over
(Under) Expenditures and Other Financing Uses 25,252

Fund Balance- Beginning of Year 410,678

Fund Balance- Ending of Year \$ 435,930

Recapitulation:

Restricted for Debt Service	\$ 7,286
Restricted for Capital Projects	
Year End Encumbrances	5,000
Available for Capital Project Expenditures	<u>423,644</u>

435,930

Reconciliation to Governmental Funds Statements (GAAP):

Unearned Revenue - SDA Grants (196,865)

Fund Balance, GAAP Basis \$ 239,065

**RAHWAY SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
HIGH SCHOOL ROOM RENOVATIONS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources- SDA Grant	\$ 4,304,169		\$ 4,304,169	\$ 4,304,169
Bond Proceeds	<u>8,068,322</u>	<u>\$ 67,577</u>	<u>8,135,899</u>	<u>8,135,899</u>
Total Revenues and Other Financing Sources	<u>12,372,491</u>	<u>67,577</u>	<u>12,440,068</u>	<u>12,440,068</u>
Expenditures and Other Financing Uses				
Purchased Professional Services	886,272	31,511	917,783	917,783
Supplies and Materials	161,468		161,468	161,468
Construction Services	<u>11,169,378</u>	<u>175,928</u>	<u>11,345,306</u>	<u>11,360,817</u>
Total Expenditures and Other Financing Uses	<u>12,217,118</u>	<u>207,439</u>	<u>12,424,557</u>	<u>12,440,068</u>
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 155,373</u>	<u>\$ (139,862)</u>	<u>\$ 15,511</u>	<u>\$ -</u>
Additional project information:				
Project Number	4290-050-09-1013			
Grant Date	7/23/2009			
Bond Authorization Date	12/15/2009			
Bonds Authorized	\$ 8,068,322			
Bonds Issued	\$ 8,068,322			
Original Authorized Cost	\$ 11,465,395			
Additional Authorized Cost	\$ 907,096			
Revised Authorized Cost	\$ 12,372,491			
Percentage Increase(Decrease) Over Original Authorized Cost	7.9%			
Percentage Completion	99.88%			
Original Target Completion Date	6/2012			
Revised Target Completion Date	6/2015			

**RAHWAY SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
HIGH SCHOOL ELECTRICAL SERVICE AND DISTRIBUTION
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources- SDA Grant	\$ 142,815		\$ 142,815	\$ 142,815
Bond Proceeds	<u>156,661</u>	<u>-</u>	<u>156,661</u>	<u>156,661</u>
 Total Revenues and Other Financing Sources	 <u>299,476</u>	 <u>-</u>	 <u>299,476</u>	 <u>299,476</u>
 Expenditures and Other Financing Uses				
Purchased Professional Services	48,468		48,468	48,468
Construction Services	<u>244,804</u>	<u>\$ 4,996</u>	<u>249,800</u>	<u>251,008</u>
 Total Expenditures and Other Financing Uses	 <u>293,272</u>	 <u>4,996</u>	 <u>298,268</u>	 <u>299,476</u>
 Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	 <u>\$ 6,204</u>	 <u>\$ (4,996)</u>	 <u>\$ 1,208</u>	 <u>\$ -</u>

Additional project information:

Project Number	4290-050-09-2001
Grant Date	5/21/2009
Bond Authorization Date	12/15/2009
Bonds Authorized	\$ 156,661
Bonds Issued	\$ 156,661
Original Authorized Cost	\$ 299,026
Additional Authorized Cost	\$ 450
Revised Authorized Cost	\$ 299,476
Percentage Increase(Decrease) Over Original Authorized Cost	0.2%
Percentage Completion	99.60%
Original Target Completion Date	6/2012
Revised Target Completion Date	6/2014

**RAHWAY SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
HIGH SCHOOL WINDOW, HVAC AND ELECTRICAL UPGRADES
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources- SDA Grant	\$ 618,341		\$ 618,341	\$ 618,341
Bond Proceeds	<u>630,670</u>	<u>-</u>	<u>630,670</u>	<u>630,670</u>
 Total Revenues and Other Financing Sources	 <u>1,249,011</u>	 <u>-</u>	 <u>1,249,011</u>	 <u>1,249,011</u>
 Expenditures and Other Financing Uses				
Purchased Professional Services	105,205		105,205	105,205
Construction Services	<u>1,123,636</u>	<u>\$ 20,170</u>	<u>1,143,806</u>	<u>1,143,806</u>
 Total Expenditures and Other Financing Uses	 <u>1,228,841</u>	 <u>20,170</u>	 <u>1,249,011</u>	 <u>1,249,011</u>
 Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	 <u>\$ 20,170</u>	 <u>\$ (20,170)</u>	 <u>\$ -</u>	 <u>\$ -</u>

Additional project information:

Project Number	4290-050-09-2003
Grant Date	5/21/2009
Bond Authorization Date	12/15/2009
Bonds Authorized	\$ 630,670
Bonds Issued	\$ 630,670
Original Authorized Cost	\$ 1,294,684
Additional Authorized Cost	\$ (45,673)
Revised Authorized Cost	\$ 1,249,011
 Percentage Increase(Decrease) Over Original Authorized Cost	
	-3.5%
Percentage Completion	
	100.00%
Original Target Completion Date	
	6/2012
Revised Target Completion Date	
	7/2013

**RAHWAY SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
MIDDLE SCHOOL ROOM RENOVATIONS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources- SDA Grant	\$ 1,251,875		\$ 1,251,875	\$ 1,251,875
Bond Proceeds	<u>1,842,538</u>	<u>\$ (67,577)</u>	<u>1,774,961</u>	<u>1,774,961</u>
 Total Revenues and Other Financing Sources	 <u>3,094,413</u>	 <u>(67,577)</u>	 <u>3,026,836</u>	 <u>3,026,836</u>
 Expenditures and Other Financing Uses				
Purchased Professional Services	459,222		459,222	459,222
Supplies and Materials	52,447		52,447	52,447
Construction Services	<u>2,473,186</u>	<u>-</u>	<u>2,473,186</u>	<u>2,515,167</u>
 Total Expenditures and Other Financing Uses	 <u>2,984,855</u>	 <u>-</u>	 <u>2,984,855</u>	 <u>3,026,836</u>
 Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	 <u>\$ 109,558</u>	 <u>\$ (67,577)</u>	 <u>\$ 41,981</u>	 <u>\$ -</u>

Additional project information:

Project Number	4250-060-09-2015
Grant Date	7/7/2009
Bond Authorization Date	12/15/2009
Bonds Authorized	\$ 1,842,538
Bonds Issued	\$ 1,842,538
Original Authorized Cost	\$ 2,621,177
Additional Authorized Cost	\$ 473,236
Revised Authorized Cost	\$ 3,094,413
 Percentage Increase(Decrease) Over Original Authorized Cost	 18.1%
Percentage Completion	98.61%
Original Target Completion Date	6/2012
Revised Target Completion Date	7/2013

**RAHWAY SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
MIDDLE SCHOOL BOILERS, FIRE ALARMS AND ELECTRICAL PANELS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources- SDA Grant	\$ 2,295,442		\$ 2,295,442	\$ 2,295,442
Bond Proceeds	<u>2,531,786</u>	<u>-</u>	<u>2,531,786</u>	<u>2,531,786</u>
Total Revenues and Other Financing Sources	<u>4,827,228</u>	<u>-</u>	<u>4,827,228</u>	<u>4,827,228</u>
Expenditures and Other Financing Uses				
Purchased Professional Services	377,344		377,344	377,344
Construction Services	<u>4,419,524</u>	<u>-</u>	<u>4,419,524</u>	<u>4,449,884</u>
Total Expenditures and Other Financing Uses	<u>4,796,868</u>	<u>-</u>	<u>4,796,868</u>	<u>4,827,228</u>
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 30,360</u>	<u>\$ -</u>	<u>\$ 30,360</u>	<u>\$ -</u>
Additional project information:				
Project Number	4250-060-09-2004			
Grant Date	5/21/2009			
Bond Authorization Date	12/15/2009			
Bonds Authorized	\$ 2,531,786			
Bonds Issued	\$ 2,531,786			
Original Authorized Cost	\$ 4,806,199			
Additional Authorized Cost	\$ 21,029			
Revised Authorized Cost	\$ 4,827,228			
Percentage Increase(Decrease) Over Original				
Authorized Cost	0.4%			
Percentage Completion	99.37%			
Original Target Completion Date	6/2012			
Revised Target Completion Date	7/2013			

**RAHWAY SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
CLEVELAND SCHOOL ADDITIONS AND RENOVATIONS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources- SDA Grant	\$ 1,620,946		\$ 1,620,946	\$ 1,620,946
Bond Proceeds	6,578,116	-	6,578,116	6,578,116
	<u>8,199,062</u>	<u>-</u>	<u>8,199,062</u>	<u>8,199,062</u>
Expenditures and Other Financing Uses				
Purchased Professional Services	1,199,520		1,199,520	1,199,520
Supplies and Materials	115,640		115,640	115,640
Construction Services	6,813,775	-	6,813,775	6,883,902
	<u>8,128,935</u>	<u>-</u>	<u>8,128,935</u>	<u>8,199,062</u>
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 70,127</u>	<u>\$ -</u>	<u>\$ 70,127</u>	<u>\$ -</u>
Additional project information:				
Project Number	4290-090-09-1014			
Grant Date	7/23/2009			
Bond Authorization Date	12/15/2009			
Bonds Authorized	\$ 6,578,116			
Bonds Issued	\$ 6,578,116			
Original Authorized Cost	\$ 8,707,838			
Additional Authorized Cost	\$ (508,776)			
Revised Authorized Cost	\$ 8,199,062			
Percentage Increase(Decrease) Over Original Authorized Cost	-5.8%			
Percentage Completion	99.14%			
Original Target Completion Date	6/2012			
Revised Target Completion Date	7/2013			

**RAHWAY SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
CLEVELAND SCHOOL ELECTRICAL SERVICE UPGRADES
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources- SDA Grant	\$ 98,644		\$ 98,644	\$ 98,644
Bond Proceeds	<u>107,896</u>	<u>-</u>	<u>107,896</u>	<u>107,896</u>
Total Revenues and Other Financing Sources	<u>206,540</u>	<u>-</u>	<u>206,540</u>	<u>206,540</u>
Expenditures and Other Financing Uses				
Purchased Professional Services	51,239		51,239	51,239
Construction Services	<u>155,000</u>	<u>-</u>	<u>155,000</u>	<u>155,301</u>
Total Expenditures and Other Financing Uses	<u>206,239</u>	<u>-</u>	<u>206,239</u>	<u>206,540</u>
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 301</u>	<u>\$ -</u>	<u>\$ 301</u>	<u>\$ -</u>

Additional project information:

Project Number	4290-090-09-1006
Grant Date	5/29/2009
Bond Authorization Date	12/15/2009
Bonds Authorized	\$ 107,896
Bonds Issued	\$ 107,896
Original Authorized Cost	\$ 206,541
Additional Authorized Cost	\$ (1)
Revised Authorized Cost	\$ 206,540

Percentage Increase(Decrease) Over Original

Authorized Cost	0.0%
Percentage Completion	99.85%
Original Target Completion Date	6/2012
Revised Target Completion Date	6/2013

**RAHWAY SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
HIGH SCHOOL ATHLETIC FIELD IMPROVEMENTS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Local Sources - City On Behalf		\$ 570,000	\$ 570,000	\$ 570,000
Transfer from Capital Outlay		170,000	170,000	170,000
Transfer from Capital Reserve	-	17,704	17,704	17,704
Total Revenues and Other Financing Sources	-	<u>757,704</u>	<u>757,704</u>	<u>757,704</u>
Expenditures and Other Financing Uses				
Purchased Professional Services		151,152	151,152	151,152
Construction Services	-	606,552	606,552	606,552
Total Expenditures and Other Financing Uses	-	<u>757,704</u>	<u>757,704</u>	<u>757,704</u>
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ -	\$ -	\$ -	\$ -

Additional project information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 740,000
Additional Authorized Cost	\$ 17,704
Revised Authorized Cost	\$ 757,704

Percentage Increase(Decrease) Over Original

Authorized Cost	2.4%
Percentage Completion	100.00%
Original Target Completion Date	6/2015
Revised Target Completion Date	6/2015

**RAHWAY SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
HIGH SCHOOL NEW EMERGENCY GENERATOR
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources- SDA Grant		\$ 111,877	\$ 111,877	\$ 111,877
Transfer from Capital Reserve	-	132,123	132,123	132,123
Total Revenues and Other Financing Sources	-	244,000	244,000	244,000
Expenditures and Other Financing Uses				
Purchased Professional Services			-	24,000
Construction Services	-	-	-	220,000
Total Expenditures and Other Financing Uses	-	-	-	244,000
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ -	\$ 244,000	\$ 244,000	\$ -

Additional project information:

Project Number	4290-050-14-1002
Grant Date	12/11/2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 244,000
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 244,000

Percentage Increase(Decrease) Over Original

Authorized Cost	0.0%
Percentage Completion	0.00%
Original Target Completion Date	6/2016
Revised Target Completion Date	6/2016

**RAHWAY SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
CLEVELAND SCHOOL BOILER REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources- SDA Grant		\$ 120,589	\$ 120,589	\$ 120,589
Transfer from Capital Reserve	-	142,411	142,411	142,411
	-	263,000	263,000	263,000
Expenditures and Other Financing Uses				
Purchased Professional Services		8,380	8,380	20,000
Construction Services	-	159,900	159,900	243,000
	-	168,280	168,280	263,000
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ -	\$ 94,720	\$ 94,720	\$ -

Additional project information:

Project Number	4290-050-14-1002
Grant Date	12/11/2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 263,000
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 263,000

Percentage Increase(Decrease) Over Original

Authorized Cost	0.0%
Percentage Completion	63.98%
Original Target Completion Date	6/2016
Revised Target Completion Date	6/2016

ENTERPRISE FUND

**RAHWAY SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2015**

THIS STATEMENT IS NOT APPLICABLE

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

**ENTERPRISE FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

THIS STATEMENT IS NOT APPLICABLE

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

**ENTERPRISE FUNDS
COMBINING STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

THIS STATEMENT IS NOT APPLICABLE

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

FIDUCIARY FUNDS

**RAHWAY SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF AGENCY ASSETS AND LIABILITIES
AS OF JUNE 30, 2015**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 160,866	\$ 184,423	\$ 345,289
Due from Other Funds	<u>-</u>	<u>1,269,910</u>	<u>1,269,910</u>
Total Assets	<u>\$ 160,866</u>	<u>\$ 1,454,333</u>	<u>\$ 1,615,199</u>
LIABILITIES			
Due to Student Groups	\$ 160,866		\$ 160,866
Accrued Salaries & Wages		\$ 15,129	15,129
Summer Savings		1,407,894	1,407,894
Payroll Deductions and Withholdings		17,037	17,037
Reserve for Flex Spending Account		12,607	12,607
Due to Other Funds	<u>-</u>	<u>1,666</u>	<u>1,666</u>
Total Liabilities	<u>\$ 160,866</u>	<u>\$ 1,454,333</u>	<u>\$ 1,615,199</u>

**RAHWAY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

THIS STATEMENT IS NOT APPLICABLE

FINANCIAL STATEMENT IS PRESENTED ON EXHIBIT B-8

**RAHWAY SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

<u>School</u>	<u>Balance, July 1, 2014</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2015</u>
ELEMENTARY SCHOOLS				
Madison	\$ 3,412	\$ 9,926	\$ 9,408	\$ 3,930
Grover Cleveland	11,015	13,384	18,159	6,240
Roosevelt School	17,844	61,577	61,815	17,606
Franklin	<u>5,222</u>	<u>34,385</u>	<u>33,632</u>	<u>5,975</u>
Total Elementary Schools	<u>37,493</u>	<u>119,272</u>	<u>123,014</u>	<u>33,751</u>
Rahway Middle School	<u>19,616</u>	<u>74,011</u>	<u>74,247</u>	<u>19,380</u>
Rahway High School	94,781	260,156	254,669	100,268
Athletics	<u>3,203</u>	<u>71,175</u>	<u>66,911</u>	<u>7,467</u>
Total High School	<u>97,984</u>	<u>331,331</u>	<u>321,580</u>	<u>107,735</u>
Total All Schools	<u>\$ 155,093</u>	<u>\$ 524,614</u>	<u>\$ 518,841</u>	<u>\$ 160,866</u>

**RAHWAY SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Balance, July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, June 30, 2015</u>
<u>Assets</u>				
Cash and Cash Equivalents	\$ 186,054	\$ 41,626,030	\$ 41,627,661	\$ 184,423
Due from Other Funds	<u>1,199,880</u>	<u>1,270,873</u>	<u>1,200,843</u>	<u>1,269,910</u>
Total Assets	<u>\$ 1,385,934</u>	<u>\$ 42,896,903</u>	<u>\$ 42,828,504</u>	<u>\$ 1,454,333</u>
<u>Liabilities</u>				
Payroll Deductions and Withholdings	\$ 14,959	\$ 19,441,169	\$ 19,439,091	\$ 17,037
Accrued Salaries and Wages	5,168	21,923,514	21,913,553	15,129
Summer Savings	1,348,350	1,407,894	1,348,350	1,407,894
Reserve for Flex Spending Account	15,791	44,455	47,639	12,607
Due to Other Funds	<u>1,666</u>	<u>79,871</u>	<u>79,871</u>	<u>1,666</u>
Total Liabilities	<u>\$ 1,385,934</u>	<u>\$ 42,896,903</u>	<u>\$ 42,828,504</u>	<u>\$ 1,454,333</u>

LONG-TERM DEBT

**RAHWAY SCHOOL DISTRICT
LONG-TERM DEBT GROUP
SCHEDULE OF PAYABLE BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance, July 1, 2014</u>	<u>Retired</u>	<u>Balance, June 30, 2015</u>
			<u>Date</u>	<u>Amount</u>				
Taxable Refunding Bonds	04/01/03	\$ 3,025,000	04/01/16	\$ 205,000	5.29%	\$ 1,350,000	\$ 195,000	\$ 1,155,000
			04/01/17	220,000	5.29%			
			04/01/18	230,000	5.29%			
			04/01/19	245,000	5.93%			
			04/01/20	255,000	5.93%			
2011 School Bonds	2/15/2011	22,800,000	2/15/2016	850,000	3.25%	<u>19,750,000</u>	<u>825,000</u>	<u>18,925,000</u>
			2/15/2017	875,000	3.50%			
			2/15/2018	900,000	3.50%			
			2/15/2019	925,000	3.50%			
			2/15/2020	950,000	3.50%			
			2/15/2021	1,400,000	4.00%			
			2/15/2022	1,425,000	4.00%			
			2/15/2023-30	1,450,000	4.00%			
<u>\$ 21,100,000</u>						<u>\$ 1,020,000</u>	<u>\$ 20,080,000</u>	
Paid by Budget Appropriation							<u>\$ 1,020,000</u>	

**RAHWAY SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER LEASE PURCHASE AGREEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

<u>Description</u>	<u>Amount of Original issue</u>	<u>Annual Maturities Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2014</u>	<u>Retired</u>	<u>Balance, June 30, 2015</u>
Private Placement Refunding of Certificates of Participation	\$ 6,050,000	02/15/16	\$ 595,000	3.97%			
		02/15/17	620,000	3.97%			
		02/15/18	645,000	3.97%			
		02/15/19	670,000	3.97%			
		02/15/20	695,000	3.97%	<u>\$ 3,795,000</u>	<u>\$ 570,000</u>	<u>\$ 3,225,000</u>
		Paid by Budget Appropriation				<u>\$ 570,000</u>	

**RAHWAY SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

<u>Description</u>	<u>Amount of Original issue</u>	<u>Annual Amount</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2014</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2015</u>
Computer Equipment	\$ 678,816	Various	3.510%	\$ 454,620		\$ 226,980	\$ 227,640
Various Acquisitions and Improvements	440,000	Various	3.165%	374,857		89,381	285,476
Computer Equipment	898,673	Various	3.150%	-	\$ 898,673	235,240	663,433
				<u>\$ 829,477</u>	<u>\$ 898,673</u>	<u>\$ 551,601</u>	<u>\$ 1,176,549</u>

**RAHWAY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 2,359,901		\$ 2,359,901	\$ 2,359,901	
State Sources:					
Debt Service Aid	212,500	-	212,500	212,500	-
Total Revenues	<u>2,572,401</u>	<u>-</u>	<u>2,572,401</u>	<u>2,572,401</u>	<u>-</u>
EXPENDITURES:					
Regular Debt Service:					
Principal Payments - Lease Purchases	570,000		570,000	570,000	
Interest - Lease Purchases	150,662		150,662	150,661	\$ 1
Interest - Early Retirement Bonds	74,615		74,615	74,615	
Interest on Bonds	757,125		757,125	757,125	
Redemption of Principal	1,020,000	-	1,020,000	1,020,000	-
Total Regular Debt Service	<u>2,572,402</u>	<u>-</u>	<u>2,572,402</u>	<u>2,572,401</u>	<u>1</u>
Total Expenditures	<u>2,572,402</u>	<u>-</u>	<u>2,572,402</u>	<u>2,572,401</u>	<u>1</u>
Excess of Revenues Over Expenditures	(1)	-	(1)	-	1
Fund Balance, Beginning of Year	<u>19,707</u>	<u>-</u>	<u>19,707</u>	<u>19,707</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 19,706</u>	<u>\$ -</u>	<u>\$ 19,706</u>	<u>\$ 19,707</u>	<u>\$ 1</u>
Recapitulation of Fund Balance:					
Restricted for Debt Service					
Designated for Subsequent Year's Expenditures				\$ 19,706	
Available for Future Debt Service Obligations				<u>1</u>	
				<u>\$ 19,707</u>	

STATISTICAL SECTION

This part of the Rahway School District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents

Exhibits

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

J-1 to J-5

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

J-6 to J-9

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

J-10 to J-13

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

J-14 and J-15

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

J-16 to J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**RAHWAY SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)**

	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental Activities										
Net Investment in Capital Assets	\$ 12,920,098	\$ 13,801,932	\$ 13,867,473	\$ 14,626,746	\$ 15,584,645	\$ 18,787,587	\$ 25,431,951	\$ 27,654,109	\$ 28,376,683	\$ 30,390,596
Restricted	1,297,581	1,113,178	139,670	307,072	69,671	69,771	527,681	669,972	943,686	813,939
Unrestricted	(2,179,720)	(2,495,339)	(1,273,987)	(697,136)	(2,034,622)	1,127,184	1,190,788	28,717	(13,844,069)	(13,893,485)
Total Governmental Activities Net Position	\$ 12,037,759	\$ 12,419,771	\$ 12,733,156	\$ 14,236,682	\$ 13,619,694	\$ 19,984,542	\$ 27,150,420	\$ 28,352,798	\$ 15,476,300	\$ 17,311,050
Business-Type Activities										
Net Investment in Capital Assets	\$ 149,764	\$ 165,461	\$ 171,299	\$ 235,137	\$ 265,576	\$ 265,472	\$ 256,225	\$ 264,677	\$ 233,410	\$ 218,345
Unrestricted	285,387	312,597	330,784	205,565	154,235	184,596	231,009	195,444	228,535	262,250
Total Business-Type Activities Net Position	\$ 435,151	\$ 478,058	\$ 502,083	\$ 440,702	\$ 419,811	\$ 450,068	\$ 487,234	\$ 460,121	\$ 461,945	\$ 480,595
District-Wide										
Net Investment in Capital Assets	\$ 13,069,862	\$ 13,967,393	\$ 14,038,772	\$ 14,861,883	\$ 15,850,221	\$ 19,053,059	\$ 25,688,176	\$ 27,918,786	\$ 28,610,093	\$ 30,608,941
Restricted	1,297,581	1,113,178	139,670	307,072	69,671	69,771	527,681	669,972	943,686	813,939
Unrestricted	(1,894,333)	(2,182,742)	(943,203)	(491,571)	(1,880,387)	1,311,780	1,421,797	224,161	(13,615,534)	(13,631,235)
Total District Net Position	\$ 12,472,910	\$ 12,897,829	\$ 13,235,239	\$ 14,677,384	\$ 14,039,505	\$ 20,434,610	\$ 27,637,654	\$ 28,812,919	\$ 15,938,245	\$ 17,791,645

Source: District financial statements

Note 1 - Net position at June 30, 2012 is restated to reflect the implementation of GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position" and GASB Statement No. 65, "Items Previously Reported in Assets and Liabilities".

Note 2 - Net Position at June 30, 2014 is restated to reflect the implementation of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions".

**RAHWAY SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)**

	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 20,713,642	\$ 24,007,786	\$ 23,813,147	\$ 22,173,733	\$ 22,220,613	\$ 23,568,789	\$ 23,888,111	\$ 25,821,649	\$ 25,260,411	\$ 29,461,782
Special Education	8,560,465	9,697,349	10,170,914	10,359,294	11,222,777	11,451,321	11,636,310	12,535,921	12,586,875	13,953,279
Other Instruction	1,643,878	1,657,568	1,756,645	2,962,843	5,441,177	4,061,426	4,108,964	4,692,567	4,860,384	5,910,360
School Sponsored Activities And Athletics	843,176	934,575	1,018,971	1,085,334	1,098,023	1,049,424	1,074,072	1,177,594	1,249,951	1,864,893
Support Services:										
Student & Instruction Related Services	5,843,363	6,527,734	7,146,995	7,288,681	8,122,908	7,473,003	8,018,218	8,833,846	8,897,984	10,061,008
School Administrative Services	2,665,943	3,181,026	3,234,838	3,033,637	2,906,966	2,537,009	2,996,306	3,166,528	3,186,233	3,744,723
General and Business Administration	2,080,545	2,223,804	2,506,359	2,271,089	2,584,292	2,117,293	2,689,673	2,244,216	2,322,957	2,410,863
Plant Operations And Maintenance	3,689,057	3,832,666	4,418,458	5,054,411	5,440,585	4,573,440	5,466,038	5,464,098	6,218,664	5,421,145
Pupil Transportation	2,379,591	2,890,536	2,680,514	2,696,878	2,752,725	2,640,741	2,790,171	2,840,044	2,850,016	2,979,789
Interest On Long-Term Debt	614,355	431,557	672,559	462,604	718,404	1,205,961	1,172,265	1,115,673	1,011,585	1,010,774
Unallocated Depreciation	774,426	826,269	775,298	823,193	851,731	849,664	849,755	841,318	854,153	829,339
Total Governmental Activities Expenses	49,808,441	56,210,870	58,194,698	58,211,697	63,360,201	61,528,071	64,689,883	68,733,454	69,299,213	77,647,955
Business-Type Activities:										
Food Service	1,418,907	1,435,193	1,480,550	1,605,559	1,691,139	1,611,194	1,662,163	1,789,373	1,797,792	1,824,015
Total Business-Type Activities Expense	1,418,907	1,435,193	1,480,550	1,605,559	1,691,139	1,611,194	1,662,163	1,789,373	1,797,792	1,824,015
Total District Expenses	\$ 51,227,348	\$ 57,646,063	\$ 59,675,248	\$ 59,817,256	\$ 65,051,340	\$ 63,139,265	\$ 66,352,046	\$ 70,522,827	\$ 71,097,005	\$ 79,471,970
Program Revenues										
Governmental Activities:										
Charges For Services:										
Instruction (Tuition)	\$ 41,829	\$ 37,654	\$ 27,300	\$ 11,902	\$ 31,577				\$ 134,282	\$ 236,132
Operating Grants And Contributions	13,093,621	14,540,431	15,058,395	10,359,049	14,345,346	\$ 10,301,085	\$ 11,163,717	\$ 11,965,006	11,361,400	18,852,052
Capital Grants And Contributions	94,952	41,169	-	-	795,923	2,735,332	6,074,067	1,695,651	68,040	762,087
Total Governmental Activities Program Revenues	13,230,402	14,619,254	15,085,695	10,370,951	15,172,846	13,036,417	17,237,784	13,660,657	11,563,722	19,850,271
Business-Type Activities:										
Charges For Services:										
Food Service	671,585	708,390	\$ 674,515	\$ 671,312	\$ 680,700	\$ 638,708	\$ 633,039	\$ 600,301	\$ 619,787	\$ 607,632
Operating Grants And Contributions	725,672	769,710	830,060	872,866	989,548	1,002,743	1,066,290	1,161,959	1,179,829	1,235,033
Total Business Type Activities Program Revenues	1,397,257	1,478,100	1,504,575	1,544,178	1,670,248	1,641,451	1,699,329	1,762,260	1,799,616	1,842,665
Total District Program Revenues	\$ 14,627,659	\$ 16,097,354	\$ 16,590,270	\$ 11,915,129	\$ 16,843,094	\$ 14,677,868	\$ 18,937,113	\$ 15,422,917	\$ 13,363,338	\$ 21,692,936

**RAHWAY SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)**

	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net (Expense)/Revenue										
Governmental Activities	\$ (36,578,039)	\$ (41,591,616)	\$ (43,109,003)	\$ (47,840,746)	\$ (48,187,355)	\$ (48,491,654)	\$ (47,452,099)	\$ (55,072,797)	\$ (57,735,491)	\$ (57,797,684)
Business-Type Activities	(21,650)	42,907	24,025	(61,381)	(20,891)	30,257	37,166	(27,113)	1,824	18,650
Total District-Wide Net Expense	\$ (36,599,689)	\$ (41,548,709)	\$ (43,084,978)	\$ (47,902,127)	\$ (48,208,246)	\$ (48,461,397)	\$ (47,414,933)	\$ (55,099,910)	\$ (57,733,667)	\$ (57,779,034)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied For General Purposes, Net	\$ 27,649,193	\$ 31,181,917	\$ 32,455,760	\$ 32,606,723	\$ 33,729,835	\$ 35,456,665	\$ 35,085,956	\$ 36,104,262	\$ 37,911,982	\$ 39,216,163
Taxes Levied For Debt Service	1,333,599	1,424,930	344,141	1,078,853	747,449	2,378,143	2,308,913	2,353,966	2,360,104	2,359,901
Federal and State Aid - Unrestricted	8,958,474	9,096,605	10,428,288	15,063,039	12,898,546	16,111,871	16,909,704	17,518,403	17,601,370	17,637,507
State Aid Restricted for Debt Service								122,822	128,002	131,346
Investment Earnings	185,568	209,885	96,349	27,758	33,797	34,303	16,241	540	5,203	5,864
Miscellaneous Income	152,797	60,291	97,850	114,968	160,740	875,520	297,163	243,920	191,998	281,653
Total Governmental Activities	38,279,631	41,973,628	43,422,388	48,891,341	47,570,367	54,856,502	54,617,977	56,343,913	58,198,659	59,632,434
Business-Type Activities:										
Investment Earnings	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-
Total Business-Type Activities	-	-	-	-	-	-	-	-	-	-
Total District-Wide	\$ 38,279,631	\$ 41,973,628	\$ 43,422,388	\$ 48,891,341	\$ 47,570,367	\$ 54,856,502	\$ 54,617,977	\$ 56,343,913	\$ 58,198,659	\$ 59,632,434
Change in Net Position										
Governmental Activities	\$ 1,701,592	\$ 382,012	\$ 313,385	\$ 1,050,595	\$ (616,988)	\$ 6,364,848	\$ 7,165,878	\$ 1,271,116	\$ 463,168	\$ 1,834,750
Business-Type Activities	(21,650)	42,907	24,025	(61,381)	(20,891)	30,257	37,166	(27,113)	1,824	18,650
Total District	\$ 1,679,942	\$ 424,919	\$ 337,410	\$ 989,214	\$ (637,879)	\$ 6,395,105	\$ 7,203,044	\$ 1,244,003	\$ 464,992	\$ 1,853,400

Source: District financial statements

RAHWAY SCHOOL DISTRICT
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Unaudited)
(modified accrual basis of accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Reserved	\$ 979,119	\$ 220,594	\$ 895,754	\$ 2,624,468	\$ 1,756,243					
Unreserved	(137,929)	161,264	166,685	(1,015,267)	(1,327,256)					
Restricted						\$ 3,066,124	\$ 4,860,253	\$ 3,711,368	\$ 3,123,665	\$ 3,266,531
Assigned						885,307	435,446	953,457	1,182,358	1,561,419
Unassigned	-	-	-	-	-	(680,663)	(771,180)	(809,765)	(780,017)	(1,083,300)
Total General Fund	<u>\$ 841,190</u>	<u>\$ 381,858</u>	<u>\$ 1,062,439</u>	<u>\$ 1,609,201</u>	<u>\$ 428,987</u>	<u>\$ 3,270,768</u>	<u>\$ 4,524,519</u>	<u>\$ 3,855,060</u>	<u>\$ 3,526,006</u>	<u>\$ 3,744,650</u>
All Other Governmental Funds										
Reserved	\$ 855,637				\$ 4,385,266					
Unreserved	(10,151)	\$ 1,024,345	\$ 37,379	\$ 20,958	17,271,103					
Restricted						\$ 16,289,550	\$ 3,742,499	\$ 313,986	\$ 235,327	\$ 258,772
Unassigned	-	-	-	-	-	(11,674)	-	-	-	(8,931)
Total All Other Governmental Funds	<u>\$ 845,486</u>	<u>\$ 1,024,345</u>	<u>\$ 37,379</u>	<u>\$ 20,958</u>	<u>\$ 21,656,369</u>	<u>\$ 16,277,876</u>	<u>\$ 3,742,499</u>	<u>\$ 313,986</u>	<u>\$ 235,327</u>	<u>\$ 249,841</u>

Beginning with Fiscal Year 2012, the District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". The Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. This Statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Reclassification of prior year fund balance amounts to comply with Statement No. 54 is not required.

Sources: District financial statements

RAHWAY SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Unaudited)
(modified accrual basis of accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Tax Levy	\$ 28,982,792	\$ 32,606,847	\$ 32,799,901	\$ 33,685,576	\$ 34,477,284	\$ 37,834,808	\$ 37,394,869	\$ 38,458,228	\$ 40,272,086	\$ 41,576,064
Tuition Charges	41,829	37,654	27,300	11,902	31,577				134,282	236,132
Interest Earnings	185,568	209,885	96,349	27,758	33,797	34,303	16,241	29,196	5,203	5,864
Miscellaneous	307,752	184,352	297,223	361,508	447,744	1,092,664	345,290	277,833	229,026	1,015,179
State Sources	19,932,626	21,585,713	23,172,535	23,181,601	21,829,815	26,172,540	31,083,778	29,116,805	27,194,310	28,279,334
Federal Sources	2,059,466	1,967,805	2,115,150	1,993,947	5,922,996	2,758,604	3,015,583	2,122,508	1,921,288	2,017,130
Total Revenue	51,510,033	56,592,256	58,508,458	59,262,292	62,743,213	67,892,919	71,855,761	70,004,570	69,756,195	73,129,703
Expenditures										
Instruction										
Regular Instruction	21,837,123	23,908,798	23,831,741	22,221,922	22,276,160	23,671,516	23,811,083	25,806,138	25,153,720	26,325,219
Special Education Instruction	8,560,465	9,697,349	10,170,914	10,378,893	11,244,734	11,487,367	11,613,104	12,534,009	12,553,276	13,025,789
Other Instruction	2,487,054	2,592,141	2,775,616	4,053,077	6,548,041	5,125,244	5,169,059	5,868,806	6,110,335	6,529,226
Support Services:										
Student and Inst. Related Services	6,058,108	6,488,276	7,157,681	7,340,328	8,126,287	7,540,559	7,921,412	8,832,689	8,887,441	9,409,499
General Administration	1,158,074	1,239,832	1,370,625	1,358,133	1,365,768	979,602	1,002,539	1,081,696	1,078,082	1,097,749
School Administrative Services	2,886,940	3,215,295	3,235,136	3,051,170	2,846,306	2,660,848	2,929,842	3,151,345	3,177,700	3,384,777
Central Services	994,976	952,579	1,037,010	934,707	1,184,678	1,186,161	1,174,567	1,240,417	1,187,603	1,263,954
Plant Operations And Maintenance	3,751,475	3,811,657	4,399,827	5,041,200	5,274,866	4,775,164	5,315,600	5,542,099	6,144,933	5,426,941
Pupil Transportation	2,378,367	2,898,811	2,679,536	2,694,158	2,750,005	2,640,741	2,790,171	2,840,044	2,845,722	2,974,809
Capital Outlay	1,168,367	555,775	69,543			8,142,237	18,658,345	5,131,879	609,538	1,213,129
Debt Service:										
Principal	1,320,481	1,413,047	1,442,644	1,135,223	793,853	1,569,789	1,604,500	1,656,000	1,824,339	2,141,601
Refunding Escrow	-	396,025	-	427,692	379,158	-	-	-	-	-
Interest and Other Charges	630,956	621,385	644,195	95,448	2,298,160	1,176,615	1,147,165	1,096,236	1,031,219	1,002,525
Total Expenditures	53,232,386	57,790,970	58,814,468	58,731,951	65,088,016	70,955,843	83,137,387	74,781,358	70,603,908	73,795,218
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	(1,722,353)	(1,198,714)	(306,010)	530,341	(2,344,803)	(3,062,924)	(11,281,626)	(4,776,788)	(847,713)	(665,515)
Other Financing Sources (Uses)										
Capital Leases (Non-Budgeted)		353,241				526,212		678,816	440,000	898,673
Cancellation of State Grant Receivable			(375)							
Proceeds from Bond Sale					22,800,000					
Proceeds From Refunding Lease		6,050,000								
Payment to Refunding Escrow Agent		(5,485,000)								
Transfers In	404,606	931,126	165,970	118,714	118,714	19,040	5,176	440	1,549	505,872
Transfers Out	(404,606)	(931,126)	(165,970)	(118,714)	(118,714)	(19,040)	(5,176)	(440)	(1,549)	(505,872)
Total Other Financing Sources (Uses)	-	918,241	(373)	-	22,800,000	526,212	-	678,816	440,000	898,673
Net Change in Fund Balances	\$ (1,722,353)	\$ (280,473)	\$ (306,385)	\$ 530,341	\$ 20,455,197	\$ (2,536,712)	\$ (11,281,626)	\$ (4,097,972)	\$ (407,713)	\$ 233,158
Debt Service as a Percentage of										
Noncapital Expenditures	3.75%	4.25%	3.55%	2.82%	5.33%	4.37%	4.27%	3.95%	4.08%	4.33%

* Noncapital expenditures are total expenditures less capital outlay.

Source: District financial statements

**RAHWAY SCHOOL DISTRICT
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30,	Interest Earned	Tuition	Refunds	Athletic Admissions	BPU Solar Rebates	E-Rate Reimbursement	Miscellaneous	Total
2006	\$ 137,187	\$ 41,829	\$ 4,538	\$ 14,178			\$ 134,081	\$ 331,813
2007	185,724	37,654					59,665	283,043
2008	91,724	27,300	43,575	11,091			43,559	217,249
2009	27,757	11,902	36,571				78,397	154,627
2010	15,271	31,577					160,740	207,588
2011	15,263		12,273	10,373	\$ 730,154		122,720	890,783
2012	11,065		43,157	13,967	112,738	\$ 89,736	37,565	308,228
2013	28,656		76,649	8,854		6,240	123,621	244,020
2014	5,203	134,282	53,130	11,416		23,619	102,284	329,934
2015	4,521	236,132	12,270	10,525	43,730	72,520	142,608	522,306

Source: District financial statements

RAHWAY SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS
 (Unaudited)

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Ofarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
2006	\$ 12,661,700	\$ 940,192,000			\$ 126,494,400	\$ 377,953,700	\$ 45,563,500	\$ 1,502,865,300	\$ 4,680,594	\$ 1,507,545,894	\$2,949,389,857	2.043
2007	11,736,500	949,849,700			129,920,800	377,740,700	44,432,000	1,513,679,700	3,912,396	1,517,592,096	3,452,719,572	-
2008	12,511,400	958,307,700			129,044,100	373,443,800	44,390,100	1,517,697,100	3,695,255	1,521,392,355	3,721,605,565	-
2009	11,789,600	987,647,900			130,122,400	372,609,900	44,586,400	1,546,756,200	3,606,215	1,550,362,415	3,828,138,891	2.200
2010	11,200,000	987,262,900			129,440,800	373,484,500	44,586,400	1,545,974,600	3,577,916	1,549,552,516	3,673,356,914	2.334
2011	10,625,300	987,397,100			128,833,700	309,425,900	50,009,000	1,486,291,000	3,576,279	1,489,867,279	3,322,684,380	2.525
2012	10,294,500	985,103,000			128,012,600	289,782,400	49,617,000	1,462,809,500	3,594,184	1,466,403,684	3,168,507,632	2.587
2013	9,763,100	972,363,760			128,005,200	289,642,900	52,046,200	1,451,821,160	3,378,404	1,455,199,564	2,851,343,672	2.706
2014	11,552,100	969,683,500			125,353,600	288,210,100	51,914,900	1,446,714,200	3,097,847	1,449,812,047	2,719,883,294	2.823
2015	11,693,800	965,379,100			128,395,100	288,458,100	51,824,500	1,445,750,600	3,442,157	1,449,192,757	not available	2.896

Source: County Abstract of Ratables

^a Tax rates are per \$100

**RAHWAY SCHOOL DISTRICT
PROPERTY TAX RATES
PER \$100 OF ASSESSED VALUATION
LAST TEN YEARS
(Unaudited)**

Calendar Year	<u>Total</u>	<u>Local School District</u>	<u>Municipality</u>	<u>County</u>
2006	\$ 4.354	\$ 2.043	\$ 1.618	\$ 0.693
2007	4.585	2.155	1.686	0.744
2008	4.760	2.190	1.760	0.810
2009	4.899	2.199	1.838	0.862
2010	5.128	2.334	1.885	0.909
2011	5.765	2.525	2.291	0.949
2012	5.840	2.590	2.280	0.970
2013	6.047	2.706	2.367	0.974
2014	6.204	2.823	2.399	0.982
2015	6.317	2.896	2.490	0.931

Source: Tax Duplicate, City of Rahway

**RAHWAY SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS,
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)**

2015		
Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value
Merck & Co.	\$ 230,082,500	15.88%
80 E Milton Avenue LLC	12,227,600	0.84%
Park Terrace at Rahway, LLC	6,684,500	0.46%
Alard Realty Enterprises	5,477,900	0.38%
3101-15 Ave I LLC	5,362,000	0.37%
Family Hospitality, LLC	5,307,000	0.37%
Rahway Industrial Site	4,252,700	0.29%
Woodbridge Plaza, LLC	4,025,300	0.28%
Ninette Group LP	3,659,600	0.25%
Individual Taxpayer #1	3,616,100	0.25%
	<u>\$ 280,695,200</u>	<u>18.84%</u>

2006		
Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value
Merck & Co.	\$ 314,423,600	20.86%
Park Terrace at Rahway, LLC	7,816,000	0.52%
Alard Realty Enterprises	5,477,900	0.36%
Giacobbe Investment Corp.	5,246,600	0.35%
New Jersey Bell	4,680,600	0.31%
Woodbridge Plaza, LLC	4,329,500	0.29%
Rahway Industrial Site	4,313,300	0.29%
St. Georges Center Assoc.	4,294,800	0.28%
Martin-Elston Assoc.	3,671,700	0.24%
Ninette Group LP	3,659,600	0.24%
	<u>\$ 357,913,600</u>	<u>23.74%</u>

Source: Municipal Tax Assessor

**RAHWAY SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2006	\$ 28,982,792	\$ 28,982,792	100.00%	N/A
2007	32,606,847	32,606,847	100.00%	N/A
2008	32,799,901	32,799,901	100.00%	N/A
2009	33,685,576	33,685,576	100.00%	N/A
2010	34,477,284	34,477,284	100.00%	N/A
2011	37,834,808	37,834,808	100.00%	N/A
2012	37,394,869	37,394,869	100.00%	N/A
2013	38,458,228	38,457,748	99.99%	\$ 480
2014	40,272,086	40,272,086	100.00%	N/A
2015	41,576,064	41,576,064	100.00%	N/A

N/A - Not Applicable

Source: District records.

**RAHWAY SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities	Total District	Population	Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Leases	Capital Leases			
2006	\$ 3,763,000	\$ 7,692,043	\$ 345,560		\$ 11,800,603	27,265	\$ 433
2007	3,243,000	7,526,250	536,547		11,305,797	27,894	405
2008	2,718,000	6,441,967	355,153		9,515,120	28,501	334
2009	2,200,000	6,340,000	187,930		8,727,930	28,998	301
2010	24,845,000	5,875,000	14,077		30,734,077	27,485	1,118
2011	23,955,000	5,385,000	350,500		29,690,500	27,659	1,073
2012	23,035,000	4,875,000	176,000		28,086,000	27,869	1,008
2013	22,085,000	4,345,000	678,816		27,108,816	28,458	953
2014	21,100,000	3,795,000	829,477		25,724,477	28,528	902
2015	20,080,000	3,225,000	1,176,549		24,481,549	28,528 *	858

Source: District records

* - Estimated Based on Prior Year, Current Year Information Not Available

RAHWAY SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions			
2006	\$ 3,763,000		\$ 3,763,000	0.13%	\$ 138
2007	3,243,000		3,243,000	0.09%	116
2008	2,718,000		2,718,000	0.18%	95
2009	2,200,000		2,200,000	0.14%	76
2010	24,845,000		24,845,000	1.60%	904
2011	23,955,000		23,955,000	1.61%	866
2012	23,035,000		23,035,000	1.57%	827
2013	22,085,000		22,085,000	1.52%	776
2014	21,100,000		21,100,000	1.46%	740
2015	20,080,000		20,080,000	1.39%	704

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

Note:

GASB requires that ten years of statistical data be presented. As a result of the implementation of GASB No. 44 in fiscal year 2006 only nine years of information is available. Each year thereafter, an additional year's data will be included until ten years of data is present.

**RAHWAY SCHOOL DISTRICT
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
FOR THE YEAR ENDED DECEMBER 31, 2014
(Unaudited)**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt: (1)			
Rahway School District	\$ 21,100,000	\$ 21,100,000	
City of Rahway	<u>86,198,233</u>	<u>23,821,472</u>	<u>\$ 62,376,761</u>
 Total Direct Debt	 <u>107,298,233</u>	 <u>44,921,472</u>	 <u>62,376,761</u>
 Overlapping Debt Apportioned to the Municipality:			
Union County (2)			24,094,705
Rahway Valley Sewerage Authority (3)			<u>22,366,188</u>
 Total Overlapping Debt			 <u>46,460,893</u>
 Total Direct and Overlapping Debt			 <u>\$ 108,837,654</u>

(1) Rahway's Chief Financial Officer and Annual Debt Statement - December 31, 2014.

(2) Union County Treasurer's Office. The County Debt was apportioned to Rahway City by dividing the City's 2014 equalized value by the total 2014 equalized value for Union County.

(3) Overlapping Debt Based upon the City of Rahway's share of flow to the authority.

* The source for this computation was the 2014 Table of Equalized Valuations, which is supplied by the New Jersey Division of Taxation.

**RAHWAY SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(Unaudited)**

Legal Debt Margin Calculation for Fiscal Year 2015

Equalized Valuation Basis	
2014	\$ 2,499,074,452
2013	2,699,555,894
2012	2,838,753,154
	<u>\$ 8,037,383,500</u>
 Average Equalized Valuation Of Taxable Property	 <u>\$ 2,679,127,833</u>
Debt Limit (4% of Average Equalization)	\$ 107,165,113
Total Net Debt Applicable to Limit	<u>20,080,000</u>
Legal Debt Margin	<u>\$ 87,085,113</u>

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Debt Limit	\$ 91,055,637	\$ 107,953,611	\$ 125,104,251	\$ 138,942,318	\$ 145,023,398	\$ 143,404,596	\$ 136,347,948	\$ 125,797,577	\$ 116,288,356	\$ 107,165,113
Total Net Debt Applicable To Limit	<u>3,763,000</u>	<u>3,243,000</u>	<u>2,718,000</u>	<u>2,200,000</u>	<u>24,845,000</u>	<u>23,955,000</u>	<u>23,035,000</u>	<u>22,085,000</u>	<u>21,100,000</u>	<u>20,080,000</u>
Legal Debt Margin	<u>\$ 104,710,611</u>	<u>\$ 104,710,611</u>	<u>\$ 122,386,251</u>	<u>\$ 136,742,318</u>	<u>\$ 120,178,398</u>	<u>\$ 119,449,596</u>	<u>\$ 113,312,948</u>	<u>\$ 103,712,577</u>	<u>\$ 95,188,356</u>	<u>\$ 87,085,113</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	4.13%	3.00%	2.17%	1.58%	17.13%	16.70%	16.89%	17.56%	18.14%	18.74%

Source: Annual Debt Statements

**RAHWAY SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS
(Unaudited)**

<u>Year Ended December 31,</u>	<u>Per Capita Income (A)</u>	<u>Unemployment Rate</u>	<u>School District Population (B)</u>
2006	\$ 48,743	5.2%	27,265
2007	50,683	4.8%	27,894
2008	51,645	6.3%	28,501
2009	49,285	10.0%	28,998
2010	49,897	10.1%	27,485
2011	52,297	10.8%	27,659
2012	53,638	10.6%	27,869
2013	54,382	9.0%	28,458
2014	not available	7.5%	28,528
2015	not available	not available	not available

Source: United States Bureau of Census
School District Records

(A)- Represents County of Union

(B)- Estimated, Bureau of Census

N/A - Not Available as of date of audit

**RAHWAY SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)**

	2015		2006	
Employer	Employees	Percentage of Total Municipal Employment	Employees	Percentage of Total Municipal Employment

Information for this schedule was not available

RAHWAY SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST NINE FISCAL YEARS
(Unaudited)

<u>Function/Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Instruction									
Regular	244	246	252	253	244	243	240	237	237
Special Education	106	106	112	113	110	107	101	103	103
Other Special Education	38	38	36	38	33	38	42	48	48
Support Services:									
Student and Instruction Related Services	7	10	13	27	29	29	27	28	28
General Administration	6	6	6	6	4	4	3	3	3
School Administrative Services	29	29	29	29	28	26	26	26	26
Central Services	6	5	5	5	5	5	5	6	6
Administrative Information Technology	4	4	4	4	4	4	4	4	4
Plant Operations And Maintenance	37	37	37	37	34	34	34	37	37
Pupil Transportation	1	1	1	1	1	1	1	1	1
Other Support Services	51	52	67	67	54	53	54	65	65
Total	<u>529</u>	<u>534</u>	<u>562</u>	<u>580</u>	<u>546</u>	<u>544</u>	<u>537</u>	<u>558</u>	<u>558</u>

Source: District Personnel Records

Note:

GASB requires that ten years of statistical data be presented. As a result of the implementation of GASB No. 44 in fiscal year 2006 only eight years information is available. Each year thereafter, an additional year's data will be included until ten years of data is present.

RAHWAY SCHOOL DISTRICT
 OPERATING STATISTICS
 LAST TEN FISCAL YEARS
 (Unaudited)

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teaching Staff	Pupil/Teacher Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School				
2006	3,974	\$ 50,112,582	\$ 12,610	5.62%	266	1:20	1:13	1:12	3,928	3,680	-2.36%	93.69%
2007	3,911	54,804,738	14,013	11.12%	280	1:19	1:12	1:11	3,886	3,637	-1.07%	93.59%
2008	3,816	56,658,086	14,848	5.96%	325	1:13	1:11	1:11	3,855	3,610	-0.80%	93.64%
2009	3,794	57,073,588	15,043	1.31%	323	1:13	1:11	1:11	3,854	3,612	-0.03%	93.70%
2010	3,796	61,616,845	16,232	7.90%	324	1:13	1:11	1:11	3,837	3,595	-0.44%	93.69%
2011	3,758	60,067,202	15,984	-1.53%	325	1:14	1:12	1:12	3,830	3,574	-0.18%	93.32%
2012	3,734	61,727,377	16,531	3.42%	297	1:13	1:13	1:12	3,784	3,561	-1.20%	94.11%
2013	3,667	66,897,243	18,243	10.36%	307	1:13	1:13	1:12	3,700	3,479	-2.22%	94.03%
2014	3,674	67,138,812	18,274	0.17%	312	1:13	1:13	1:12	3,715	3,491	0.41%	93.97%
2015	3,674	70,651,092	19,230	5.41%	312	1:13	1:13	1:12	3,749	3,532	0.92%	94.21%

Sources: District records

- Note:
- a Enrollment based on annual October district count.
 - b Operating expenditures equal total expenditures less debt service and capital outlay.
 - c Cost per pupil represents operating expenditures divided by enrollment.

**RAHWAY SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST NINE FISCAL YEARS
(Unaudited)**

	2007	2008	2009	2010	2011	2012	2013	2014	2015
<u>District Building</u>									
<u>Elementary</u>									
Franklin School									
Square Feet	81,760	81,760	81,760	81,760	81,760	81,760	81,760	81,760	81,760
Capacity (students)	661	661	661	661	661	661	661	661	661
Enrollment	542	542	542	542	542	542	542	542	542
Cleveland School									
Square Feet	46,375	46,375	46,375	46,375	46,375	46,375	46,375	46,375	68,825
Capacity (students)	340	340	340	340	340	340	340	340	532
Enrollment	336	336	336	336	336	336	336	336	528
Madison School									
Square Feet	54,015	54,015	54,015	54,015	54,015	54,015	54,015	54,015	54,015
Capacity (students)	322	322	322	322	322	322	322	322	322
Enrollment	299	299	299	299	299	299	299	299	299
Roosevelt School									
Square Feet	78,810	78,810	78,810	78,810	78,810	78,810	78,810	78,810	78,810
Capacity (students)	754	754	754	754	754	754	754	754	754
Enrollment	666	666	666	666	666	666	666	666	666
<u>Middle School</u>									
Square Feet	144,611	144,611	144,611	144,611	144,611	144,611	144,611	144,611	144,611
Capacity (students)	913	913	913	913	913	913	913	913	913
Enrollment	949	949	949	949	949	949	949	949	949
<u>High School</u>									
Square Feet	165,833	165,833	165,833	165,833	165,833	165,833	165,833	165,833	176,133
Capacity (students)	1,084	1,084	1,084	1,084	1,084	1,084	1,084	1,084	1,084
Enrollment	1,087	1,087	1,087	1,087	1,087	1,087	1,087	1,087	1,072
<u>Other</u>									
Square Feet-Ace Building-St Mary's	6,893	6,893	6,893	6,893	6,893	6,893	15,000	15,000	15,000
Square Feet-Press Box-Vets Field	200	200	200	200	200	200	200	200	200
Square Feet-Hoagland Field House	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100
Square Feet-Concession Stand-Vets	600								
Square Feet-Athletic Office/Locker Room	2,930	2,930	2,930	2,930	2,930	2,930	2,930	2,930	2,930

Number of Schools at June 30, 2015

Elementary = 4
Middle School = 1
Senior High School = 1
Other = 5

Source: District Records

Note:
GASB requires that ten years of statistical data be presented. As a result of the implementation of GASB No. 44 in fiscal year 2006 only eight years of information is available. Each year thereafter, an additional year's data will be included until ten years of data is present.

**RAHWAY SCHOOL DISTRICT
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN YEARS
(Unaudited)**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
School Facilities										
Madison	\$ 55,805	\$ 47,836	\$ 75,758	\$ 85,013	\$ 49,699	\$ 48,028	\$ 56,825	\$ 70,710	\$ 113,789	\$ 72,874
Grover Cleveland	48,703	42,414	74,342	52,108	105,171	57,798	115,863	75,279	104,084	105,466
Roosevelt	107,937	99,933	98,999	162,649	108,396	129,306	151,196	114,555	135,447	109,027
Franklin	111,556	67,695	60,771	89,112	108,899	46,689	96,203	89,737	121,072	137,626
Middle School	127,453	163,868	136,592	222,881	220,514	92,894	123,840	113,321	92,311	160,453
High School	181,496	169,311	201,802	334,533	184,318	183,120	196,034	290,801	359,446	262,409
Total School Facilities	632,950	591,057	648,264	946,296	776,997	557,835	739,961	754,403	926,149	847,855
Other Facilities	11,130	5,380	37,719	42,524	148,738	24,247	57,878	58,590	23,540	77,088
Grand Total	\$ 644,080	\$ 596,437	\$ 685,983	\$ 988,820	\$ 925,735	\$ 582,082	\$ 797,839	\$ 812,993	\$ 949,689	\$ 924,943

Source: District records

**RAHWAY SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2015
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
NJSBAIG		
Property - Blanket Building & Contents	\$ 138,491,094	\$ 5,000
Comprehensive General Liability	11,000,000	
Comprehensive Auto Liability	11,000,000	
Comprehensive Crime Coverage	250,000	5,000
Flood/Earthquake:		
Aggregate Subject to FEMA deductible in Flood Zone "A"; all others at \$10,000 deductible	10,000,000 10,000,000	per occurrence aggregate
NJSBAIG		
Boiler and Machinery	100,000,000	1,000
Firemen's Fund		
Excess Liability	50,000,000	
N.J. School Boards Insurance Group:		
Worker's Compensation- Professional and Clerical	34,790,786	
Worker's Compensation- Non-professional and Driver	2,508,000	
Athletic Accident- Monumental Life Insurance Company:		
All participants- Including Football	25,000	
Student Accident- AIG Life Insurance:		
Voluntary Participation	500,000	
Interscholastic Athletes	5,000,000	
NJSBAIG		
Environmental Liability Each Loss	1,000,000	25,000
Environmental Liability Aggregate	11,000,000	
NJ School Boards		
School Board Legal	11,000,000	10,000

Source: School District's records

SINGLE AUDIT SECTION



CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA

DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
MARK SACO, CPA
SHERYL M. NICOLosi, CPA
KATHLEEN WANG, CPA
ROBERT AMPONSAH, CPA

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA

**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable President and Members
of the Board of Trustees
Rahway School District
Rahway, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Rahway School District as of and for the fiscal year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise the Rahway School District's basic financial statements and have issued our report thereon dated December 16, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Rahway School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Rahway School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Rahway School District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

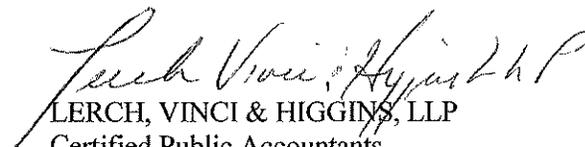
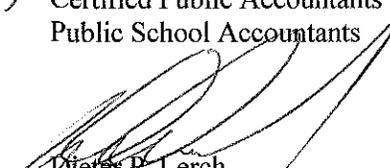
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Rahway School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Rahway School District in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated December 16, 2015.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Rahway School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Rahway School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


 LERCH, VINCI & HIGGINS, LLP
 Certified Public Accountants
 Public School Accountants

 Dieter P. Lerch
 Public School Accountant
 PSA Number CS000756

Fair Lawn, New Jersey
 December 16, 2015



LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-2

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA

DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
MARK SACO, CPA
SHERYL M. NICOLOSI, CPA
KATHLEEN WANG, CPA
ROBERT AMPONSAH, CPA

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT
ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY
U.S. OMB CIRCULAR A-133 AND SCHEDULE OF EXPENDITURES OF STATE FINANCIAL
ASSISTANCE AS REQUIRED BY NEW JERSEY OMB CIRCULAR 15-08**

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees
Rahway School District
Rahway, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the Rahway School District's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Rahway School District's major federal and state programs for the fiscal year ended June 30, 2015. The Rahway School District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Rahway School District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; U.S. OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and Circulars require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Rahway School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the Rahway School District's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Rahway School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of the Rahway School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Rahway School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with U.S. OMB Circular A-133 and New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Rahway School District's internal control over compliance.

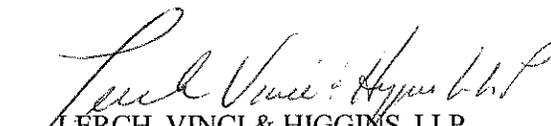
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of U.S. OMB Circular A-133 and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by U.S. OMB Circular A-133 and Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 15-08

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Rahway School District as of and for the fiscal year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated December 16, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards as required by U.S. OMB Circular A-133 and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.


LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Public School Accountants


Dieter P. Lerch
Public School Accountant
PSA Number QS000756

Fair Lawn, New Jersey
December 16, 2015

RAHWAY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant Period	Award Amount	Balance July 1, 2014	Carryover Amount		Cash Received	Budgetary Expenditures	Adjustment	Refund of Prior Year Balances	Balance, June 30, 2015		Due to Grantor at June 30, 2015	MEMO GAAP Receivable
					Deferred Revenue	Accounts Receivable					(Account Receivable)	Unearned Revenue		
U.S. Department of Education														
Passed-through State Department of Education														
Food Distribution Program -														
Non-Cash Assistance	10.550	7/1/14-6/30/15	\$ 127,285				\$ 127,285	\$ 117,616				\$ 9,669		
Non-Cash Assistance	10.550	7/1/13-6/30/14	110,415	\$ 5,527				5,527						
National School Breakfast Program	10.553	7/1/14-6/30/15	136,223				123,116	136,223			\$ (13,107)			\$ 13,107
National School Breakfast Program	10.553	7/1/13-6/30/14	123,732	(10,454)			10,454							
National School Lunch Program	10.555	7/1/14-6/30/15	952,907				877,952	952,907			(74,955)			74,955
National School Lunch Program	10.555	7/1/13-6/30/14	923,163	(61,682)			61,682							
Total U.S. Department of Agriculture - Enterprise Fund				(66,609)	-	-	1,200,489	1,212,273	-	-	(88,062)	9,669	-	88,062
U.S. Department of Health and Human Services														
Passed-through State Department of Education:														
General Fund														
ARRA - SEMI	93.778	10/1/08-12/31/10	80,771				80,771	80,771						80,771
Medicaid Assistance	93.778	7/1/14-6/30/15	158,307	-	-	-	158,269	158,307	-	-	(20,038)	-	-	20,038
Total U.S. Department of Health and Human Services				-	-	-	219,040	239,078	-	-	(20,038)	-	-	100,809
U.S. Department of Education														
Passed-through State Department of Education														
Special Revenue Fund														
Title I	84.010	7/1/14-6/30/15	555,309	\$	19,531	\$ (19,531)	297,555	550,374			(277,485)	24,466		253,019
Title I	84.010	9/1/13-6/30/14	485,394	(86,971)		(19,531)	19,531	92,552	\$ (5,581)	\$ 483				
Title I	84.010	9/1/07-8/31/08	525,946	483										
Title I - SIA	84.010A	9/1/10-8/31/11	15,102	(6,750)					6,750					
Title IIA	84.367	7/1/14-6/30/15	134,381		5,003	(5,003)	81,408	127,538			(57,976)	11,846		46,130
Title IIA	84.367	9/1/13-6/30/14	131,899	(15,449)		(5,003)	19,148		(3,699)					
Title IIA	84.367	9/1/07-8/31/08	169,868	381						381				
Title IID	84.318	9/1/10-8/31/11	1,406	(65)					65					
Title IID	84.318	9/1/07-8/31/08	3,580	37						37				
Title III	84.365	7/1/14-6/30/15	76,726		11,779	(11,779)	50,917	72,807			(37,588)	15,698		21,890
Title III	84.365	9/1/13-6/30/14	77,767	(9,623)		(11,779)	11,779	9,718		(95)				
Title III	84.186	9/1/07-8/31/08	17,170	1,676						1,676				
Title IV Carryover	84.298	9/1/07-8/31/08	8,311	109						109				
Title V - Carryover	84.027	7/1/14-6/30/15	991,456		3,060	(3,060)	702,932	993,747			(291,584)	769		290,815
IDEA Part B - Basic	84.027	9/1/13-6/30/14	942,379	(281,327)		(3,060)	281,327							
IDEA Part B - Basic	84.027	9/1/07-8/31/08	996,377	1,386						1,386				
I.D.E.A. Part B - Preschool	84.173	7/1/14-6/30/15	26,880				18,816	26,880			(8,064)			8,064
I.D.E.A. Part B - Preschool	84.173	9/1/13-6/30/14	26,829	(8,049)			8,049							
I.D.E.A. Part B - Preschool	84.173	9/1/07-8/31/08	29,930	624						624				
Race to the Top		9/1/12-8/31/13	39,426	(9,883)				6,706			(16,589)			16,589
Total U.S. Department of Education - Special Revenue Fund				(413,421)	-	-	1,562,222	1,778,052	(2,560)	4,696	(689,286)	52,779	-	636,507
Total Federal Awards				\$ (480,030)	\$ -	\$ -	\$ 2,981,751	\$ 3,229,403	\$ (2,560)	\$ 4,696	\$ (797,386)	\$ 62,448	\$ -	\$ 825,378

RAHWAY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

State Grantor/Program Title	Grant or State Project Number	Award Amount	Grant Period From	Balance, July 1, 2014		Carryover Amount	Cash Received	Budgetary Expenditures	Transfers/Adjustment	Refund Prior Years' Balances	(Accounts Receivable)	June 30, 2015 Unearned Revenue	Due to Grantor	MEMO	
				Unearned Revenue/(Assets Recs)	Due to Grantor									GAAP Receivable	Cumulative Total Expenditures
General Fund:															
State Department of Education:															
Equalization Aid	15-495-034-5120-078	\$ 17,507,406	7/1/14-6/30/15				\$ 15,777,932	\$ 17,507,406			\$ (1,729,474)			\$	\$ 17,507,406
Equalization Aid	14-495-034-5120-078	17,507,406	7/1/13-6/30/14	\$ (1,707,429)			1,707,429								181,590
Transportation Aid	15-495-034-5120-014	181,590	7/1/14-6/30/15				163,652	181,590			(17,938)				443,128
Transportation Aid	14-495-034-5120-014	181,590	7/1/13-6/30/14	(17,549)			17,549								2,230,002
Security Aid	15-495-034-5120-084	443,128	7/1/14-6/30/15				399,535	443,128			(43,775)				86,609
Security Aid	14-495-034-5120-084	443,128	7/1/13-6/30/14	(43,274)			43,274								36,160
Special Education Aid	15-495-034-5120-089	2,230,002	7/1/14-6/30/15				2,009,711	2,230,002			(220,291)				36,160
Special Education Aid	14-495-034-5120-089	2,230,002	7/1/13-6/30/14	(217,567)			217,567								27,060
Under Adequacy Aid	15-495-034-5120-096	86,609	7/1/14-6/30/15				78,054	86,609			(8,555)				401,057
Under Adequacy Aid	14-495-034-5120-096	86,609	7/1/13-6/30/14	(8,376)			8,376								2,073,851
PARCC Readiness Aid	15-495-034-5120-098	36,160	7/1/14-6/30/15				32,858	36,160			(3,602)				1,422,697
PARCC Readiness Aid	14-495-034-5120-098	36,160	7/1/13-6/30/14				32,858								102,319
Per Pupil Growth Aid	15-495-034-5120-097	27,060	7/1/14-6/30/15				20,644	27,060			(27,060)				102,337
Nonpublic Transportation	not available	27,060	7/1/13-6/30/14	(20,644)											2,073,851
Nonpublic Transportation	15-100-034-5120-473	401,057	7/1/14-6/30/15	(542,882)			542,882	401,057			(401,057)				1,422,697
Extraordinary Aid	14-100-034-5120-473	542,882	7/1/13-6/30/14				1,971,532	2,073,851			(102,319)				102,337
Reimbursed TPAF Social Security Contributions	15-495-034-5094-003	2,073,851	7/1/14-6/30/15				1,422,697	2,073,851							129,379
On-Behalf TPAF Pension Contribution	15-495-034-5094-006	1,422,697	7/1/14-6/30/15					1,422,697							26,969,700
On-Behalf TPAF Non-Contributory															
Group Insurance Contribution	15-495-034-5094-007	102,337	7/1/14-6/30/15				102,337	102,337							2,421,023
On-Behalf TPAF Post Retirement Medical Benefits Contribution															
	15-495-034-5094-001	2,421,023	7/1/14-6/30/15				2,421,023	2,421,023							129,379
Total General Fund				(2,557,721)			26,969,748	26,969,700			(2,557,673)				26,969,700
Special Revenue Fund:															
State Department of Education:															
N.J. Nonpublic Aid:															
Textbook Aid	15-100-034-5120-064	2,681	7/1/14-6/30/15				2,681	1,298							1,298
Textbook Aid	14-100-034-5120-064	3,620	7/1/13-6/30/14	\$ 405					\$ 405						4,269
Nursing Services	15-100-034-5120-070	4,269	7/1/14-6/30/15				4,269	4,269							1,370
Technology Initiative	15-100-034-5120-373	1,440	7/1/14-6/30/15				1,440	1,370							798,174
Auxiliary Services															
Transportation	14-000-034-5120-068	46	7/1/13-6/30/14	46					46						84
Handicapped Services:															
Supplemental Instruction	15-100-034-5120-066	785	7/1/14-6/30/15				785	785							69,840
Supplemental Instruction	14-100-034-5120-066	694	7/1/13-6/30/14	694					694						805,195
Corrective Speech	14-100-034-5120-066	884	7/1/14-6/30/15				884	884							3,122
Examination and Classification	14-100-034-5120-066	319	7/1/13-6/30/14	319					319						69,840
Preschool Education Aid	15-495-034-5120-086	787,709	7/1/14-6/30/15				708,938	798,174			(78,771)				798,174
Preschool Education Aid	14-495-034-5120-086	727,883	7/1/13-6/30/14	7,517			72,788								84
Improving Literacy Achievement (ILA)	13-100-034-5065-086	10,000	12/1/12-6/30/14	(9,753)			9,839	84							
Total Special Revenue Fund				(2,238)			801,624	805,195		1,464	(78,771)	69,840	3,122		805,195

RAHWAY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

State Grantor/Program Title	Grant or State Project Number	Award Amount	Grant Period From	Balance, July 1, 2014			Cash Received	Budgetary Expenditures	Adjustment	Refund Prior Years' Balances	Balance, June 30, 2015			MEMO	
				Unearned Revenue/ (Accts Rec.)	Due to Grantor	Carryover Amount					(Accounts Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures
Debt Service Fund:															
Debt Service Aid - Type II	15-495-054-5120-075	\$ 212,500	7/1/14-6/30/15	-	-	-	\$ 212,500	\$ 212,500	-	-	-	-	-	-	\$ 212,500
Total Debt Service Fund				-	-	-	212,500	212,500	-	-	-	-	-	-	212,500
Enterprise Fund:															
School Lunch Program	15-100-010-3350-023	22,760	7/1/14-6/30/15				21,071	22,760			\$ (1,689)			\$ 1,412	22,760
School Lunch Program	14-100-010-3350-023	21,148	7/1/13-6/30/14	\$ (1,412)	-	-	1,412	-	-	-	-	-	-	-	-
Total Enterprise Fund				(1,412)	-	-	22,483	22,760	-	-	(1,689)	-	-	1,412	22,760
Capital Projects Fund:															
State Economic Development Authority Educational Facilities Construction & Financing Act (Schools Development Authority.):															
Cleveland School Boiler Replacement	4290-090-13-G2RM	120,589						77,159			(120,589)	\$ 43,430		120,589	77,159
High School Emergency Generator	4290-050-14-G2RL	111,877									(111,877)	111,877		111,877	-
2009 Referendum															
High School Room Renovations	4290-050-09-00AY	4,304,169		(806,782)				48,684			(860,833)	5,367		860,833	4,298,802
High School Electrical Service and Distribution Upgrades	4290-050-09-02B1	142,815		(140,066)				2,387			(142,815)	362		142,815	142,453
High School Window, HVAC and Electrical Upgrades	4290-050-09-02BK	618,341		(608,356)				9,985			(618,341)			618,341	618,341
Middle School Room Renovations	4290-060-09-00AZ	1,251,875		(206,052)				26,960			(250,375)	17,363		250,375	1,234,512
Middle School Boilers, Fire Alarms and Electrical Panels	4290-060-09-02BL	2,295,442		(454,631)							(459,088)	4,457		459,088	2,290,985
Cleveland School Additions and Renovations	4290-090-09-00BA	1,620,946		(1,580,170)				26,912			(1,620,946)	13,864		1,620,946	1,607,082
Cleveland School Electrical Service Upgrades	4290-090-09-02BN	98,644		(98,499)							(98,644)	145		98,644	98,499
Total Capital Projects Fund				(3,894,556)	-	-	-	192,087	-	-	(4,283,508)	196,865	-	4,283,508	10,367,833
Total State Financial Assistance				\$ (6,455,927)	\$ 1,464	\$ -	\$ 28,006,355	\$ 28,202,242	\$ -	\$ 1,464	\$ (6,921,641)	\$ 266,705	\$ 3,122	\$ 4,414,299	\$ 38,377,988
Less:															
State Assistance Not Subject to Single Audit:															
TPAF Pension								(1,422,697)							
TPAF NCGI Contribution								(102,357)							
TPAF Post-Retirement Medical Contribution								(2,421,023)							
State Assistance Subject to Single Audit								\$ 24,256,165							

**RAHWAY SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 GENERAL

The accompanying schedules present the activity of all federal and state financial assistance programs of the Rahway School District. The Board of Education is defined in Note 1(A) to the Board's financial statements. All federal financial assistance received directly from federal agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules are prepared and presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Notes 1(C) to the Board's financial statements. The information in these schedules is presented in accordance with requirements of U.S. OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations" and New Jersey OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the financial statements.

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

The financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on a modified accrual basis with the exception of the revenue recognition of the delayed state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2.. For GAAP purposes, those payments are not recognized until the subsequent year due to the state deferral and recording of certain state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, which may include the delayed state aid payments, whereas the GAAP basis does not. The special revenue fund also recognizes the delayed state aid payments in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is an increase of \$108,783 for the general fund and a decrease of \$2,050 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 239,078	\$ 27,078,483	\$ 27,317,561
Special Revenue Fund	1,778,052	796,264	2,574,316
Capital Projects Fund		192,087	192,087
Debt Service Fund		212,500	212,500
Food Service Fund	<u>1,212,273</u>	<u>22,760</u>	<u>1,235,033</u>
Total Financial Assistance	<u>\$ 3,229,403</u>	<u>\$ 28,302,094</u>	<u>\$ 31,531,497</u>

**RAHWAY SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the District's fiscal year and grant program years.

NOTE 5 OTHER INFORMATION

Revenues and expenditures reported under the National School Lunch Program as non-cash assistance represent current year value received and current year distributions, respectively of the Federal Food Distribution Program. TPAF Social Security contributions in the amount of \$2,073,851 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2015. The amount reported as TPAF Pension System Contributions in the amount of \$1,525,054 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$2,421,023 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2015.

NOTE 6 ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT

On-behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits Contributions are not subject to a State single audit and, therefore, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the District's financial statements and the amount subject to State single audit and major program determination.

**RAHWAY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Part I – Summary of Auditor’s Results

Financial Statement Section

Type of auditor's report issued: _____ Unmodified _____

Internal control over financial reporting:

1) Material weakness(es) identified? _____ yes X no

2) Were significant deficiency(ies) identified that were not considered to be material weaknesses? _____ yes X none reported

Noncompliance material to the basic financial statements noted? _____ yes X no

Federal Awards Section

Internal Control over compliance:

1) Material weakness(es) identified? _____ yes X no

2) Were significant deficiency(ies) identified that were not considered to be material weaknesses? _____ yes X none reported

Type of auditor's report on compliance for major programs: _____ Unmodified _____

Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (section.510(a))? _____ yes X none

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I
84.367	Title II
84.027	IDEA Basic
84.173	IDEA Preschool

Dollar threshold used to distinguish between Type A and Type B programs: \$ 300,000

Auditee qualified as low-risk auditee? X yes _____ no

**RAHWAY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Part I – Summary of Auditor’s Results

State Awards Section

Internal Control over compliance:

- 1) Material weakness(es) identified? _____ yes X no
- 2) Were significant deficiency(ies) identified that were not considered to be material weaknesses? _____ yes X none reported

Type of auditor's report on compliance for major programs: _____ Unmodified _____

Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 04-04, as amended? _____ yes X none

Identification of major programs:

<u>State Grant/Project Numbers</u>	<u>Name of State Program</u>
15-495-034-5120-078	Equalization Aid
15-495-034-5120-089	Special Education Aid
15-495-034-5120-084	Security Aid
15-495-034-5120-096	Under Adequacy Aid
15-495-034-5120-098	PARCC Readiness Aid
15-495-034-5120-097	Per Pupil Growth Aid
15-495-034-5120-086	Preschool Education Aid
15-495-034-5094-003	Reimbursed TPAF Social Security Contr.

Dollar threshold used to distinguish between Type A and Type B Programs \$ 727,685

Auditee qualified as low-risk auditee? _____ yes X no

**RAHWAY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements in accordance with Government Auditing Standards.

There are none.

**RAHWAY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 15-08.

CURRENT YEAR FEDERAL AWARDS

There are none.

**RAHWAY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 15-08.

There are none.

EXHIBIT K-7

**RAHWAY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. OMB Circular A-133 (Section .315(a)(b)) and New Jersey OMB's Circular 04-04.

STATUS OF PRIOR YEAR FINDINGS

Finding 2014-001:

Documentation to support costs claimed on the District's Application for Special Education Extraordinary Aid was not retained for audit. Additionally, certain intensive services claimed on the application were not approved in the respective student's IEP.

Current Status

Corrective action has been taken.

Finding 2014-002:

Payments to vendors performing contracted maintenance services were made without the solicitation of quotes.

Current Status

Corrective action has been taken.

Finding 2014-003:

Student counts reported on the ASSA did not always agree with supporting workpapers, class registers or applicable documentation.

Current Status

Corrective action has been taken.